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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Long-Term Plans for Social Security**
As prepared for delivery

According to FDR advisor Luther Gulick, President Roosevelt offered this perspective about Social Security and its relationship to the federal budget:

“We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions...With those taxes in there, no damn politician can ever scrap my Social Security program.”

It is fitting that we have President Roosevelt’s grandson with us today as we consider deficit reduction and Social Security.

Today we will ask, “Should Social Security be included in legislation to reduce the deficit?” Or should it be left unchanged as we consider deficit reduction? Should Social Security’s long-term, financial imbalance be addressed in separate legislation?

There are certainly differing views on the answers to these questions. But one thing nearly everyone agrees on is that Social Security has been a hugely successful program.

Social Security benefits will help 54 million Americans this year – Americans like Carol Lawen from Stanford, Montana. Carol worked at the telephone company for more than 30 years. She recently wrote me and said:

“I worked hard and was considered a good employee. I gave up holidays with my family. I went in early and stayed late when various crises occurred in our country. My family sacrificed time together so that I might be able to provide money to care for them. I paid in every paycheck for my Social Security without complaint. It is now my turn.”

Americans like Carol count on Social Security to be there when they retire.

Social Security is dependable. It is fully portable from job to job. And it automatically increases as the cost of living increases. Unlike most other sources of retirement income, you cannot outlive your Social Security benefits.

Social Security provides benefits to help folks get by if something happens to a breadwinner in their family. It helps workers who become disabled and families of workers who have died. This year, Social Security will provide benefits to two million children whose parents have passed away.

Social Security has been a major force in ending widespread poverty among the elderly.

Social Security is the only source of income many seniors in Montana and across the country have to survive. In fact, for 15 percent of seniors, Social Security is their only income, and for one in four elderly Americans, Social Security provides 90 percent of their income.

What we can't forget in this debate is that Social Security benefits are modest.

Ninety-five percent of retired workers receive monthly benefits of less than \$2,000. In fact, the average Social Security benefit for retirees is \$1,175 a month, or about \$14,100 a year. That's only \$267 a month above the poverty line.

Not only are benefits modest, but they are already scheduled to be reduced.

The full retirement age, which is currently 66, will rise to 67 in the coming years. These increases in retirement age have real consequences. A one-year increase in the retirement age is roughly equal to a seven-percent reduction in benefits.

By law, Social Security must remain separated from the rest of the Federal budget and the program cannot borrow money from the general Federal budget.

Social Security benefits are financed only through payroll taxes and the Trust Fund. Social Security is not responsible for the deficits we face in the general fund today. Therefore, I believe Social Security should not be part of our efforts to reduce those deficits.

Since 1983, workers have been contributing more than Social Security has been paying in benefits.

As a result, there is currently \$2.6 trillion in the Trust Fund, and this balance is expected to grow. The assets in the trust fund mean Social Security will pay full benefits until 2037. And even after that, payroll tax revenues will be able to pay 78 percent of benefits.

This is not a crisis. It is a long-term issue. It is an issue that should be addressed sooner, rather than later, to give workers time to plan for any changes. But the current situation does not necessitate rushed or severe action.

Our deficit and debt, on the other hand, is clearly a crisis. The deficit is currently 9.3 percent of our economy. We do need to act to address our deficits and debt, and do so soon.

As we consider how to address our deficits and debt, let us remember people like Carol Lawen who worked hard all their lives and count on Social Security to keep a roof over their heads and food on the table. And let us remember President Roosevelt's promise to ensure a legal, moral, and political right to the benefits that America's workers have earned.

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