

June 22, 2013

President Barack Obama
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Obama:

The Chelsea Reform Democratic Club, or CRDC, is one of the oldest progressive Democratic clubs in New York City. Many of our members donated money, and more importantly, great amounts of time and energy to your campaigns, and as a club we were thrilled when twice you were elected president of the United States. Therefore it was with great disappointment that we learned of your plan to include in budget discussions the cutting of Social Security benefits. For several reasons we feel that this proposal flies against both common sense and our commonly held principles.

Social Security is very strong, with more than \$1,800,000,000,000 in its trust fund. At our current rate of inflation, its future is secure for at least thirty years. Furthermore, this fund cannot be raided; it is used solely for those insured under Social Security. Therefore, there is no need to consider a new cost of living formula, namely the Chained CPI. And certainly, because shareholders in the Social Security insurance plan, i.e., most Americans, are unaware of the full ramifications of Chained CPI, it is politically wrong for you to introduce this formula as a bargaining chip in budget negotiations.

Putting logistics aside, however, please consider the moral implications of cutting benefits to our seniors, the majority of whom rely on Social Security as their primary retirement income. Even under the current COLA plan, many seniors find it very difficult to keep up with inflation and often must choose on a given day between eating and buying lifesaving medications.

But if we moved to the Chained CPI, seniors would be far worse off. According to *US News and World Reports*, if we employed the chained CPI, a typical 73-year-old retiree would get approximately 2.5 percent less than under the current measure of inflation. And at age 93, this person would get an average of 7.2 percent less in Social Security payments over his or her lifetime. So instead of taking this course, we should in fact, be devising plans to put *more* money in the hands of our retirees. And, incidentally, because this income would be spent on consumer goods and services, in the long run this measure would benefit our economy, both on the national and local fronts.

If we do want to look beyond the estimated point of solvency for the Social Security Trust Fund, as well as increase rather than decrease benefits, three steps can be taken:

1. Lift the cap on Social Security taxation. Once workers earn more than \$113,700 for the year, they stop contributing to the Social Security fund on earnings over that amount, while the rest of us continue to pay our share. If top earners paid their fair share of Social Security taxes, we would go far in making Social Security solvent for the rest of the 21st century and improve benefits for our most vulnerable seniors.



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2. Raise the minimum wage. When workers earn more, they pay more into the Social Security fund (until they reach the \$113,700 annual cap under our current plan).
3. Reintroduce the job-creating American Recovery and Reinvestment Act. Although derided by Republicans, according to the nonpartisan Congressional Budget Office, this plan created or saved between 1.4 million and 3.3 million American jobs. An increase in our labor force means greater contributions to Social Security.

These proposals are in line with the progressive vision we shared during your two campaigns for the presidency. Please, Mr. President, do not let the narrow and short-sighted focus of our Republican opponents influence your thinking in regard to Social Security. We Democrats created this program, arguably the most successful in all U.S. history, and it is up to Democrats with a democratic philosophy to nurture and protect it.

For The Chelsea Reform Democratic Club



Steven Skyles-Mulligan, President

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