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PAUL RYAN'S INVITATION FOR SOLUTIONS MET (AGAIN) WITH MISLEADING ATTACKS

A recent analysis by the Social Security Administration's Office of the Chief Actuary [OACT] of bipartisan reform proposals has been falsely touted as an official score of Congressman Paul's Ryan legislative reform plan *"A Roadmap for America's Future."* Ryan's plan makes *no* changes to Social Security for those over the age of 54, while offering reforms that strengthen Social Security for future generations.

OACT's analysis came in response to a request from Congressman Earl Pomeroy to analyze cherry-picked provisions proposed by Ryan, House Majority Leader Steny Hoyer, House Majority Whip James Clyburn, and others. The OACT analysis also includes provisions not found in Ryan's reform plan.

As a matter of fact, both OACT and the Congressional Budget Office (CBO) analyzed Ryan's actual plan earlier this year:

- For SSA OACT's analysis of Ryan's Social Security reforms: http://www.house.gov/budget_republicans/press/2007/pr20100427ssascore.pdf
- For CBO's analysis of Ryan's comprehensive reform plan: http://www.cbo.gov/ftpdocs/108xx/doc10851/01-27-Ryan-Roadmap-Letter.pdf

The attack highlights a more troubling revelation: the looming bankruptcy of this critical retirement security program *and* the current bankruptcy of ideas from Washington's political class with respect to saving Social Security. Since he first offered his reform plan years ago, Congressman Ryan continues to invite others to offer ideas of their own – calling upon his colleagues to end the demagoguery, break the political paralysis on this issue, and work together to advance solutions.

Setting the Record Straight

On October 20, 2010 – less than two weeks before the upcoming election – Congressman Pomeroy released an OACT analysis of bipartisan reform proposals, including ideas suggested by House Majority Leader Steny Hoyer. The analysis includes several misleading findings:

- Misleading Baseline: The provisions scored by the OACT are scored against an unrealistic baseline that OACT has made clear is not possible under current law. The

baseline used in the analysis promoted by Pomeroy does not take into account the currently scheduled 22% benefit cuts that will hit individuals now in and near retirement – without regard to income or need. When compared to current law, Ryan's reform proposal maintains a roughly constant level of benefits, and actually increases net benefit levels according to analysis done by the Congressional Budget Office. A realistic look at benefit levels shows that they are either increased – especially for those more reliant on Social Security, or maintain roughly equal benefit levels for middle-income earners.

- Misleading Indexing: By using wage-indexed dollars, rather than real (inflation-adjusted dollars), the percentage decrease in benefits highlighted by Pomeroy is larger than it would be under a traditional discount rate. When indexed accurately, the adjustments in the select provisions are far more modest.

- Misleading on Retirement Age: Due to increased life spans, increasing the retirement age does not reduce benefits compared to what individuals receive now. According to Eugene Steuerle of the Urban Institute: "Under Congressional Budget Office projections, for instance, increasing the normal retirement age gradually from 67 (where current law will put it by 2022) to 70 would still allow expected median lifetime benefits per person to increase from about $250,000 for today's people in their 50s to $360,000 for their 10-year-old kids." It is also important to note that common-sense, gradual increases in the retirement age (beyond current law increases) to reflect longevity is an idea embraced by Mr. Pomeroy's own leadership – as House Majority Leader Steny Hoyer and House Majority Whip James Clyburn have both publicly supported this idea.

- Misleading on Progressive Price Indexing: Progressive Price Indexing will not reduce benefits for anyone compared to where they are currently. Only the very highest income earners will see full price indexing, and that will leave future seniors with, at a minimum, *the exact same benefit* (adjusted for inflation) they receive today. Benefits grow *each and every year* for *each and every beneficiary* – yet those clinging to the unsustainable status quo continue to falsely brand a slowing of that growth for high-income earners as a "cut" – when in fact the benefits clearly "increase." Again, slowing the growth of benefits for the wealthy is another idea supported by House Majority Leader Steny Hoyer.

- Misleading on Focus of Analysis: The selected proposals analyzed by OACT, per Mr. Pomeroy's request, do not accurately reflect Ryan's reform plan. In addition to serious omissions, the OACT analysis also includes provisions, such as changing the calculation of the cost of living adjustment (COLA), that are *not* included in Ryan's plan. In ignoring the actual plan, and taking specific provisions out of context, the analysis being touted ignores:

    - Minimum Benefit Enhancement: Ryan's proposal provides for increased benefits for low-income earners. The CBO estimates that low-income earners will receive a 45% increase in benefits compared to payable benefits.

- Personal Savings Accounts: The inclusion of individual accounts allows individuals to receive a rate of return far in excess of Social Security's current rate of return. These accounts are managed by the Social Security Administration, and guaranteed by the Federal government so that an individual will not lose a single cent they contribute, even after inflation.

Undeterred by these irresponsible attacks, Congressman Paul Ryan continues to invite Mr. Pomeroy and his colleagues to offer solutions of their own to help save this critical retirement security program – an open invitation that appears to have been rejected yet again.

Rather than allow the do-nothing-but-demagogue plan to impose across-the-board benefit cuts on seniors in and near retirement, elected leaders ought to heed the advice of the Social Security Trustees:

> ***"The projected trust fund shortfalls should be addressed in a timely way so that necessary changes can be phased in gradually and workers can be given time to plan for them… Social Security plays a critical role in the lives of 54 million beneficiaries and 155 million covered workers and their families in 2010. With informed discussion, creative thinking, and timely legislative action, present and future Congresses and Presidents can ensure that Social Security continues to protect future generations."***
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> - *Social Security Administration 2010 Trustees Report, http://www.ssa.gov/OACT/TR/2010/II_conclu.html#86802*

This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.