Congress of the United States
Washington, DC 20515

February 19, 2014

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

Dear Mr. President:

We write to urge you to rule out using the chained Consumer Price Index (CPI) to calculate cost-of-living and inflation adjustments for federal programs in your Budget for Fiscal Year 2015.

Switching to a chained CPI would be devastating for seniors, veterans, federal retirees, disabled individuals and others. Under legislation enacted in 1983, Social Security benefits for seniors retiring in the coming years are already scheduled to be reduced. Today, the average worker earning $43,000 annually who retires at age 65 will find that Social Security replaces 41 percent of their previous earnings. Soon, this will decline to just 36 percent of previous earnings, as the full retirement age climbs from 66 to 67 over the 2017-2022 period.

Chained CPI would further reduce those earned benefits over time because it fails to take into account inflation for older Americans. While the Affordable Care Act has had a positive effect in reducing Medicare spending growth, increased medical costs continue to take a larger and larger share of Social Security earned benefits. As you know, many seniors already face tight personal budgets, challenges that the recession has only exacerbated. For many seniors living on a fixed income, any reduction in benefits would have a serious impact on their ability to afford basic necessities.

While there have been protections proposed to mitigate the impact of chained CPI on the very elderly and certain vulnerable populations, such as the blind, disabled and seniors with limited income, many with limited, modest incomes would still be impacted. For instance, even with the benefit enhancements that have been proposed, a low-wage retiree receiving $9,600 per year would see their benefits reduced by an average of 1.5 percent between ages 62 and 81, a loss of more than $140 per year.

Your Budget for Fiscal Year 2014 proposed a comprehensive $1.8 trillion deficit reduction package that sought to replace sequestration and reflected the compromise you offered to House Speaker John Boehner in December 2012. That plan incorporated a Republican proposal to use chained CPI to reduce cost-of-living increases for Social Security recipients, as well as military veterans, people with disabilities, and beneficiaries of other federal programs. Since then, however, the Republican majority has consistently refused to discuss a balanced approach that would include increased revenues and the closing of tax loopholes.

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We recognize that additional measures are required to address our nation's long-term budget challenges, and we appreciate the difficult choices you are wrestling with as you prepare a fiscal blueprint to promote economic growth. But, we respectfully ask that you not place the burden of additional deficit reduction on the backs of seniors, veterans, federal retirees, disabled individuals and others by including chained CPI in your Budget for Fiscal Year 2015.

Sincerely,

Allyson Y. Schwartz
Member of Congress

Janice D. Schakowsky
Member of Congress

David N. Cicilline
Member of Congress

Bruce L. Braley
Member of Congress

Cheri Bustos
Member of Congress

Ron Barber
Member of Congress

Tony Cárdenas
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Matthew A. Cartwright
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Judy Chu
Member of Congress

Ted Deutch
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William L. Enyart
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Gary Peters
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