Puerto Rico Chapter 95

A huge crowd of nearly 500 retirees came together in San Juan, Puerto Rico, in March for the founding assembly of the United Public Workers of Puerto Rico/AFSCME Retiree Chapter 95. In the face of constant attacks on their retirement benefits, the formation of this retiree chapter could not have been more timely. AFSCME Pres. Lee Saunders told the crowd that the founding assembly was “the start of something big” and praised the retirees for building “a powerful force whose presence will be felt throughout Puerto Rico.”

Annette Gonzalez Perez, president of AFSCME/UPW Council 95, also spoke to the delegates and praised their tenacity in organizing the retiree chapter. She was joined by a parade of prominent political leaders, including Secretary of State David Bernier.

California UNAC/UHCP Retiree Chapter 1199U

Nearly 100 retired nurses and health care professionals gathered recently in San Dimas, Calif., for the founding convention of the United Nurses Associations of California/Union of Healthcare Professionals (UNAC/UHCP) Retiree Chapter 1199U, AFSCME. Delegates (pictured below) adopted a constitution and elected their first chapter officers: Pres. Blanca Paniagua; Vice Pres. Eva Canabal; Sec. Adelina Lopez; Treas. Obdulia Lopez; Executive Board members Joselito Cortes Quinones; Minerva Gonzalez; Miriam Quinones; and Roberto Hernandez; and Trustees Irma Iris Linero Rivera; Rosa N. Rios Lugo; and Norma Paniagua. President Paniagua is pictured above with President Saunders and assembly delegates.

Social Security & Medicare Are Not Bargaining Chips!

During the last two years, billions of dollars were cut from the federal budget in such critical areas as education, medical research, law enforcement, meat inspection, transportation, food stamps and many more — all in the name of deficit reduction. Despite clear evidence from other countries that cutting budgets to the bone only leads to economic disaster and widespread misery, deficit-reduction fever continues to infect American public policy.

**SEQUESTER PAIN.** The most recent cuts are required by the “sequester” — a law that slashes federal programs virtually across the board. Americans are just now starting to feel the pain of sequester cuts, which were favored by congresional Republicans over closing tax loopholes for corporations and the wealthy. To protect these tax breaks, the GOP also advocated benefit cuts in Social Security and Medicare.

President Obama and his allies in Congress managed to prevent cuts in earned benefits from inclusion in the sequester. Now, however, the President is offering certain changes in Social Security and Medicare if Republican leaders agree to end tax loopholes for corporations and the wealthy. Specifically, the President’s budget (submitted to Congress in April) proposes a new formula for Social Security’s annual cost-of-living adjustment (COLA) — based on the “chained CPI” — that will result in lower benefits. The budget also includes an increase in Medicare premiums that will eventually hit millions of seniors.

Social Security and Medicare are lifelines for AFSCME retirees and for most older Americans. But, in an effort to reach an elusive “grand bargain” between the White House and congressional Republicans, they could become sacrificial lambs.

**FIGHTING CUTS.** AFSCME is working hard to make sure this doesn’t happen. The union opposes the sequester as well as benefit cuts in Social Security and Medicare. We’re urging the President and Congress to go in a totally different direction.

Chained CPI = Benefit Cut

Advocates of a new formula to measure annual inflation — known as the “chained CPI” — would like you to believe that it’s merely a technical adjustment. But it’s not. It’s a way to cut Social Security benefits in the dark of night.

Cost-of-living adjustments (COLAs) are supposed to maintain the buying power of a Social Security check during the course of one’s retirement. With COLAs, a benefit has the same value from the first check to the last. The COLA is based on annual increases in the Consumer Price Index (CPI) — a measurement used by the Bureau of Labor Statistics that’s based on a market basket of goods and services. TVS are included. So is food and many other age-related purchases.

Much more than the current formula, the “chained CPI” places an emphasis on “substitution” of products as prices rise. For example, it assumes you’ll stop eating pricey cereal for breakfast, and substitute a less expensive alternative — perhaps a hard-boiled egg.

If the chained CPI is enacted by Congress, the result will be lower COLAs. The graph above, prepared by the advocacy group Social Security Works (SSW), shows the cumulative loss of benefits due to the chained CPI for an average lifetime earner who was age 65 in 2012. According to SSW, by the time this retiree is 80, he/she will have experienced a total benefit loss of more than $8,000.

One product that defies substitution is health care. If the doctor says you need a four-way bypass operation, you can’t really opt for an alternative. On average, Social Security recipients spend more than 15 percent of their incomes (median income for age 65+ is $22,000 a year) on health care, compared with only 5 percent for the rest of the population. So, a CPI formula that emphasizes substitution doesn’t really work for retirees. It’s a benefit cut.

Tell your representative and senators not to give you a benefit cut. Tell them to reject the chained CPI (call toll-free: 888-907-1485).
direction by enacting new policies for job creation that will rebuild the economy and restore the middle class. “The economy is too fragile for us to be focusing on deficit reduction,” said AFSCME Pres. Lee Saunders. “We need to make sure corporations that are making record profits pay their fair share of taxes. And we should be strengthening Social Security and Medicare for current and future retirees, not cutting them.”

• Social Security has never added a penny to the deficit; cutting benefits should not be part of any deficit reduction plan.

By law, Social Security must live within its means. It cannot borrow from any source. Administrative expenses and benefit payments can only come from Social Security’s three sources of revenue: payroll contributions, income taxes levied on benefits (for incomes above $85,000 a year) and interest on the Trust Fund’s U.S. Treasury bonds. Social Security is not allowed to meet its obligations by dipping into the federal government’s general revenue. Therefore, it does not contribute to the government’s budget deficit or debt.

• Changing to a “chained CPI” formula for the Social Security COLA is clearly a cut in benefits. Switching to this formula—which is a feature in several deficit reduction proposals, including the President’s budget—is not just a technical adjustment. The chained CPI will mean lower cost-of-living adjustments (COLAs) for current and future beneficiaries, with significant benefit losses over time (see article on page one).

• As with Social Security, Medicare is a benefit earned in the workplace; it provides essential health care to retired workers. Cutting benefits is the wrong way to reduce the deficit. As people age, their medical needs increase. Seniors spend an average 15 percent of their incomes on health care, compared with 5 percent for the rest of the population. With a median income of less than $22,000 a year, older people really can’t afford to pay more for health care.

• Medicare eligibility age would be devastating. It could leave millions of workers who are not yet eligible for Medicare. For them, raising the eligibility age would be devastating. It could also hurt those who are lucky enough to have employer coverage because it would add two more years of full coverage to employers’ already-high insurance costs. That could make employers think twice about maintaining benefits for their retirees.

• To increase out-of-pocket costs for Medicare beneficiaries. Shifting costs to seniors might save the government money at first, but the higher payments could become a barrier to medical services for millions living on fixed incomes. Requiring Medicare participants to pay more could force them to choose between health care and food. Delayed doctor visits could lead to costly hospitalizations.

• To raise Medicare premiums. Raising premiums is simply another way to shift costs to seniors. Currently, higher income seniors — the 5 percent with incomes above $85,000 — pay higher premiums for Parts B and D than those with more modest incomes. New proposals would lower the income threshold that triggers higher premiums. In fact, the threshold would have to be approximately $47,000 a year (fitting many people who live on a pension plus Social Security) in order to hit 25 percent of seniors — the plan’s target.

Shifting costs to employers or to older people who can’t afford to pay is simply the wrong way to address Medicare’s long-range finances, which are driven largely by the cost of services throughout the entire health care system.

One answer: Congress should end policies that prevent Medicare from getting the lowest prices on prescription drugs.

AFSCME is urging members of Congress to say NO to more domestic spending cuts. Call your representative and senators today. Tell them to reject cuts in Medicare and Social Security benefits, including the chained CPI. Use AFSCME’s toll-free number to the U.S. Capitol: 888-907-1485.
**Begich Introduces GPO/WEP Bill**

Approximately 25 percent of public service retirees were employed in jurisdictions that do not participate in Social Security. For them, Congress considers a portion of their public pension benefit to be Social Security-equivalent. As a result, the Social Security benefits they might get as the spouse of a participating worker or because they had once worked in Social Security-covered employment will be offset, known as the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). The offsets can severely reduce and even eliminate the Social Security benefit.

**ARBITRARY & UNFAIR.** AFSCME considers both offsets to be arbitrary and unfair, so the union supported various bills to modify or repeal them. Unfortunately, no legislation was introduced for some time, and the effort is on hold.

That’s about to change. In May, U.S. Sen. Mark Begich (D-AK) introduced the Social Security Fairness Act of 2013 (S.896) to repeal the GPO and WEP. The bill’s initial co-sponsors are Sens. Susan Collins (R-ME), Dean Heller (R-NV) and Elizabeth Warren (D-MA), giving the bill bipartisan support from the start.

**FINANCIAL IMPLICATIONS.** “The two provisions were intended to equalize Social Security’s treatment of workers. But we are concerned that they unfairly penalize individuals for holding jobs in public service when the time comes for them to retire,” said Senator Collins. “The WEP and GPO have enormous financial implications not just for federal employees, but for our teachers, police officers, firefighters, and other public employees. Despite their challenging, difficult, and sometimes dangerous jobs, these invaluable public servants often receive far lower salaries than private sector employees. It is therefore doubly unfair to penalize them when it comes to their Social Security benefits.”

Alaska, Maine, Massachusetts and Nevada are among the handful of states in which nearly all state and local government workers do not participate in Social Security. But in approximately 21 states, portions of the public workforce do not participate. In some of these states only teachers are outside the national system (about 50 percent of teachers do not participate overall), or police and firefighters (approximately 75 percent do not participate), or the employees of specific jurisdictions such as the cities of Los Angeles and Chicago.

**LOBBY CAMPAIGNS.** AFSCME retiree chapters actively lobbied in opposition to the offsets, organizing visits to congressional offices and conducting campaigns to call and write lawmakers. In addition, AFSCME leaders testified before the Social Security subcommittees of the U.S. House and Senate. Twice, AFSCME members affected by the offsets testified as well.

While the union had great success in recruiting congressional co-sponsors for repeal legislation in the past (at one point, nearly every House member had signed on), a bill was never cleared for a floor vote in either chamber. Now that Senator Begich introduced a new bill, however, the campaign is certain to be re-energized and AFSCME will, once again, help lead the fight. A companion to the Begich bill was recently introduced in the House (H.R.1750) by Rep. Rodney Davis (R-IL).

**Alliance for Retired Americans: A Federation of Retiree Activists**

In the job, union members learn the importance of building strong networks of labor and community allies. These networks support union struggles and improve conditions, organize efforts to privatize the public workforce and fight against union-busting multinational corporations. In fact, they often mean the difference between success and defeat.

In retirement, the same is true. That’s why AFSCME is an enthusiastic sponsor of the Alliance for Retired Americans (ARA). The ARA is a nonprofit, nonpartisan federation of retired trade unionists and community-based seniors. It is the only retiree organization covered by the AFL-CIO.

With more than 4 million retiree members and 33 statewide alliances, the ARA magnifies the voice of AFSCME Retirees by bringing together unions with allies across the country. Make no mistake — we all need to stick together. Powerful forces are trying to phase out Medicare and make dramatic cuts in Social Security. They also want to scrap our defined benefit pension plans. ARA is a powerful network that can help us fight back and win.

A recent ARA national leadership conference brought together nearly 100 union and community-based retirees who are ARA leaders from many different states. More than a dozen AFSCME retirees participated. Through a series of workshops they honed media skills, learned how to recruit and engage retirees in critical fights and developed the best talking points for defending Social Security, Medicare and Medicaid. Also, the retirees made a lobbying trip to Capitol Hill, where they urged their senators and representatives to oppose the “chained CPI.”

At this writing, those ARA leaders are back in their states, planning a “National Day of Action” in early July. In 26 states, ARA members are joining with workers, disabled persons, students and congressional champions to form “human chains” that protect the “chained CPI” and other cuts in retirement lifelines.

By linking up with our allies in ARA, rather than standing alone, AFSCME Retirees have a louder voice and a greater chance of being heard by those in power. That’s why the dues of every AFSCME retiree member also covers membership in ARA. We’re all members of that great federation known as the Alliance for Retired Americans!

For more information about the ARA in your state, call AFSCME Retirees at 202-429-1274.
As legislation on immigration reform takes shape in the Congress, AFSCME is working for a strong and comprehensive assessment to our nation’s broken immigration system. According to AFSCME Sec.-Treas. Laura Reyes, “11 million people who live and work in our communities are relegated to the shadows, where they are exploited by unscrupulous employers and denied rights on the job.” “They are victims of an underground economy that is not only harmful to these immigrant workers, but also drives down wages for all workers. America cannot let this situation continue. We can do better, and we must.”

AFSCME’s top priorities for system reform include a clear pathway to citizenship for immigrants, worker protections, and strong borders. AFSCME Retirees is participating in the Immigration Task Force of the Leadership Council of Aging Organizations which, at this writing, is reviewing the reform bill and its many proposed amendments. AFSCME and LCAO are trying to gauge the bill’s impact on older and disabled immigrants, the long-term care workforce, and critical programs such as Social Security and Medicare.

The Social Security Administration recently assessed the effect of the Senate legislation on Social Security’s finances. SSA said the overall effect on the system “will be positive.” By creating a net 3.22 million new jobs, the immigration reform legislation will bring additional payroll contributions into the Trust Fund, with corresponding benefits not payable for decades.

In contrast to the SSA report, a conservative group called the Senior Citizens League recently conducted a direct mail campaign claiming that immigration reform will hurt Social Security benefits. The mailing included a postcard to Congress, designed to encourage conservative lawmakers in the House of Representatives to continue their opposition to comprehensive reform, particularly legislation that includes a path to citizenship.

“We can’t let groups like the Senior Citizens League be the only voice that speaks to retirees because they will distort the legislation’s intent if they can,” said Reyes. “AFSCME retirees can play an important role by speaking to friends and neighbors about immigration reform. Tell them that extending rights to immigrants is the American way — an important part of our values system. In the end, it will make us an even stronger nation.”

Retirement Security (from page 2)

Harkin’s “Strengthening Social Security Act of 2013” would:

- **Strengthen Benefits by Reforming the Social Security Benefit Formula:** This change will boost benefits for all — by approximately $70 per month. It’s designed to help those with low and moderate incomes, who depend most on Social Security.

- **Ensure that COLAs Adequately Reflect Seniors’ Living Expenses:** The Act changes the way Social Security’s cost-of-living adjustments (COLAs) are calculated in order to ensure that they truly reflect cost increases that hit seniors. Future COLAs would be based on the specialized “Consumer Price Index for the Elderly” — known as the CPI-E. The CPI-E would mean higher and more accurate COLAs than the current CPI formula (or the proposed “chained CPI”), and would help seniors keep up with the rising costs of essential items, such as health care.

- **Improve the Long Range Health of the Trust Fund:** Social Security is not in crisis, but does face a long-range shortfall. To help extend the life of the trust fund, the Act phases out the current taxable cap of $113,700 so that payroll taxes apply fairly to every dollar of wages.

According to a national survey released earlier this year by the National Academy of Social Insurance (NASI), there is public support for such proposals. In fact, according to the NASI poll, those surveyed said that proposals like Senator Harkin’s that raise or remove the earnings cap, increase benefits, and improve the COLA are the most popular approaches to “fixing” Social Security for the future.