STRENGTHEN SOCIAL SECURITY

...don't cut it.

How the Debt-Ceiling Deal Affects Social Security

The debt-ceiling deal, formally called the Budget Control Act of 2011, has three components:

- $917 billion in discretionary spending cuts over the next 10 years.
- Creation of a powerful joint committee of Congress, a so-called "Super Committee." Its task is to recommend another $1.5 trillion in deficit reduction for an up-or-down vote in Congress by December 23, 2011. No changes to the committee's plan are allowed.
- A trigger mechanism to enact across-the-board cuts if the Super Committee fails, with cuts split equally between defense and non-defense programs; Social Security is exempted.

The following describes how Social Security could be affected and presents a chart showing how the Super Committee will operate:

- **$917 billion in discretionary spending cuts over 10 years; Social Security, Medicare and Medicaid are not affected.** Non-defense programs would be cut by more than $550 billion and defense programs would be cut by about $350 billion.

- **Establishment of a bipartisan Super Committee charged with identifying at least another $1.5 trillion in deficit reduction that could include Social Security cuts, as well as Medicare and Medicaid cuts.** This Super Committee of 12 lawmakers, appointed equally by the Democratic and Republican leaders of the U.S. House and U.S. Senate, will report to Congress by November 23, 2011. If a majority of its members reach agreement on all or a portion of a $1.5 trillion deficit-reduction plan, it will get an up-or-down majority vote by December 23, 2011. There can be no amendments or Senate filibuster. The committee can consider cuts to any program and also whether to raise revenues.

  Republicans say they only will appoint Super Committee members who oppose new revenues. We need to be sure that Democrats appoint members opposed to cutting Social Security and other vital programs. Already, during debt negotiations it was proposed that Social Security's cost-of-living adjustment (COLA) be changed by adopting the chained CPI (Consumer Price Index). That would cut Social Security benefits by $112 billion over 10 years.

- **$1.2 trillion in automatic cuts would be triggered if failure of the Super Committee to put forward a plan or for Congress to approve it; Social Security and Medicaid would be exempted.** Automatic cuts would be divided equally between defense and non-defense programs. Social Security, Medicaid, unemployment insurance, and other programs for low-income families would be exempted from these cuts. Automatic cuts to non-defense programs would include a cut of up to 2 percent of the amount that would be paid to Medicare providers and insurance plans each year between 2013 and 2021. There would be no cuts to benefits.

Element of Proposal	Explanation of the Super Committee
Structure of Super Committee and Dates of Action	• 12 members, 3 appointed by each Leader of both chambers, from each party (6 Democrats and 6 Republicans). Needs seven votes for its recommendations to be sent for a full vote in Congress. • Recommendations would be treated as fast-track legislation, requiring only a majority vote; not subject to amendments or Senate filibuster. • Must report legislation by November 23, 2011. Full Congress must vote on Committee plan by December 23, 2011.
Charge of Super Committee	• Reduce deficit by an additional $1.5 trillion over 10 years. • "Provide recommendations…that will significantly improve the short-term and long-term fiscal imbalance of the Federal Government."
If Super Committee and Congress Fail to Approve Up to $1.5 Trillion in Deficit Reduction…	• Automatic cuts will begin in 2013 for any amount not approved by Congress up to $1.2 trillion. Cuts will be made equally to defense and non-defense spending. • Social Security, Medicaid, Supplemental Security Income (SSI), veterans' benefits, civilian and military retirement programs, and other programs serving low-income families would be exempt from these cuts. • Medicare would be cut as part of the non-defense cuts. Cuts would not affect benefits but would affect payments to providers and insurance plans. Those cuts would be capped at no more than 2 percent a year between 2013 and 2021.
Other Effects on Social Security	• The Budget Control Act of 2011 includes a program integrity initiative for the Social Security Administration (SSA) and three other agencies to reduce overpayment of federal benefits. Additional appropriations to SSA would be permitted so it could continue Disability Insurance (DI) and SSI reviews. CBO estimates these reviews could reduce benefits outlays for DI, SSI, Medicare and Medicaid by nearly $12 billion over 10 years.