

The National Council of Social Security Management Associations, Inc.
GREYSTONE GROUP WASHINGTON REPORT
Legislative Report 11-2010
August 5, 2010

Pomeroy Introduces One-Time \$250 Payment Bill

On Friday, July 30, 2010, House Ways and Means Social Security Subcommittee Chairman, Representative Earl Pomeroy (D-At Large-ND), introduced the Seniors Protection Act of 2010, H.R. 5987. Currently the bill has been referred to the House Ways and Means Committee, the House Veterans' Affairs Committee and the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials. Currently, 84 House members have signed on as cosponsors of the bill. Additionally, both the National Committee to Preserve Social Security and Medicare as well as the Alliance for Retired Americans have come out in support of the legislation.

The bill would provide a \$250 one-time payment to senior citizens, veterans, and the disabled in the event that no Social Security cost of living adjustment is provided.

It is anticipated that due to the lagging economic growth and in turn little increase in prices, that the Obama Administration in October will announce there will be no Cost of Living Adjustment (COLA) for Social Security benefits in 2011. Since 1975, the annual COLA, is determined by a set formula. The COLA is determined by comparing the level of inflation from the third quarter of the current year to the third quarter of the previous year. If that difference is positive then the difference is applied to benefits the following January.

If the Administration makes the decision in October not to provide a COLA for Social Security benefits, it will be the first time in history that no COLA has been provided for two consecutive years. This in turn would mean that, much like in 2010, Social Security retirees, veterans, and people with disabilities will not see an increase in their monthly SSI, Veterans Administration Disability Pension, and Railroad Retirement benefits.

In a press release issued by Chairman Earl Pomeroy (D-At Large-ND) on his website Friday, July 30, 2010, he stated, "seniors did not cause the near meltdown of the economy that occurred in the last days of the prior Administration, yet too many are still feeling the brunt of its fallout." The Chairman went on to add that, "today we help seniors across the country who face the likely possibility that on October 15th Social Security will announce for the first time ever—as a result of a long-standing statutory formula—that there will not be a cost-of-living-adjustment in Social Security benefits in back-to-back years."

Pomeroy's July 30 press release also indicated that Social Security benefit levels are quite modest, with the average retiree receiving only \$14,000 a year. Yet, the median income for senior households is a mere \$24,000, reflecting just how much Social Security means to most elderly in America.

In the press release Chairman Pomeroy also pledged: “This bill is responsible to seniors and to taxpayers. The authors are committed to fiscal responsibility and will ensure that the Seniors Protection Act of 2010 shall not cause an increase in the federal deficit. When the bill comes to the House floor it will include the necessary offsets to comply with the PAYGO law.”

We will keep you updated as this bill moves through Congress. At this time there is no companion bill in the Senate.

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