

NRLN President's Forum

One Battle Down, More To Come

As you know from news reports, Congress battled about the "fiscal cliff" into the first day of the new year before scraping together a limited bill which extends the Bush-era tax rates for most Americans, among other things. However, Congress once again kicked the can down the road on some major fiscal issues.

Our elected representatives in Washington deferred for two months the \$1.2 trillion in across-the-board spending cuts (call "sequestration") set to hit the Pentagon and domestic programs, including Social Security and Medicare. Also left for a future fight is the issue of the debt ceiling. Although the U.S. Treasury technically hit the \$16.4 trillion limit on December 31, 2012, Treasury Secretary Tim Geithner has resorted to accounting gimmicks to skirt the limit thus buying Congress a couple more months to address the debt ceiling.

The spending cuts and debt ceiling will come to a head just as Congress is expected to conduct debates on a new federal budget. This essentially guarantees that within a few weeks the new 113th Congress will once again be entangled in another fiscal crisis which is sure to revive fights over government spending and programs like Social Security and Medicare.

Since Congress did not reach a deal before midnight on December 31st, technically we did go over the "fiscal cliff". This actually benefited Social Security because the two-year cut in Social Security payroll taxes of two percentage points expired. The NRLN had opposed the cut in Social Security payroll taxes from 6.2 to 4.2 percent for employee and employer. The reduction in the Social Security payroll tax deduction cost the system \$103 billion in 2011 and an estimated \$112 billion in 2012.

Some members of Congress wanted reductions to Social Security and Medicare as part of the "fiscal cliff" deal. Although changes were not made to the programs in the legislation that was passed on January 1st, the "entitlements" as members of Congress call them will be under attack again in a matter of weeks. I want to thank our Grassroots Network members who responded to the NRLN's December 26th Action Alert and promptly sent nearly 8,700 emails to U.S. Representatives and Senators saying that Social Security and Medicare should be protected and not reduced because of the pending "fiscal cliff".

Although Social Security and Medicare "dodged a bullet" in the "fiscal cliff" legislation, as New York Yankees Hall of Fame catcher Yogi Berra said, "It ain't over 'til its over." With your support, the NRLN will continue to work to safeguard the Social Security and Medicare benefits that you and your employer paid into during your decades of work.

While we believe the long term effect of dismantling or privatizing these programs would be crippling to the economy as well as catastrophic to all retirees, we do believe there are good reasons to cost reduce them and hundreds of other budget items. To do this, rules must be changed to prohibit lobbyists from showering campaign money on the foxes in our hen house.

Bill Kadereit, President

National Retiree Legislative Network