



Leo W. Gerard
International President

November 16, 2011

Senator Sherrod Brown
713 Hart Office Building
United States Senate
Washington, D.C. 20510

Senator Barbara Mikulski
503 Hart Office Building
United States Senate
Washington, D.C. 20510

Dear Senator Brown and Senator Mikulski:

I write on behalf of the 1.2 million active and retired members of the United Steelworkers in strong support of your legislation, the "*Consumer Price Index for Elderly Consumers Act*." This legislation is of great importance to the health and economic security of our members and to millions of Americans across the nation.

Social Security currently is the primary source of income for almost two-thirds of older American households receiving benefits. About one third of those households depend on Social Security for all of their income to meet all of their needs. Fully half of those 65 and older have incomes below \$18,500 and most have suffered financially by the 2008 near total economic collapse, which caused dramatic losses in retirement savings, pensions and home values that have so threatened those in or near retirement. Today more than any other time since the Great Depression – where a total economic collapse gave birth to Social Security -- every dollar of Social Security benefits is critical to the typical beneficiary, who receives a very modest average of \$14,000 annually.

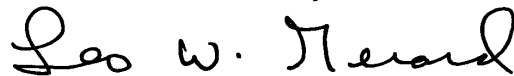
It is a fact that retired Americans spend more of their financial resources on health care and housing than the population at large. Yet the current formula for calculating the annual cost of living adjustment (COLA) for Social Security beneficiaries does not reflect the every day costs they face but instead increasingly understates those costs, in particular as health care costs have risen well beyond the rate of inflation. Your legislation would correct that by adopting a consumer price index for elderly consumers (CPI-E) developed by the Bureau of Labor Statistics. This index bases its calculation on a market basket of goods purchased by retirees. If accuracy in estimating inflation is the goal, as some claim, then the

first step must be to properly calculate the market basket of goods purchased by retirees using the CPI-E. On the other hand, moving to an index that creates even greater disparity (chained CPI) is an unwarranted cut in already modest benefits that would harm current and future retirees.

Using the continuing economic crisis to cut the Social Security benefit that seniors and people with disabilities increasingly rely on to make ends meet is not only inaccurate but unconscionable. Using this moment to introduce legislation to support a more accurate consumer price index is the right thing to do and moves the nation in the right direction. Social Security was established in the midst of the Great Depression to ensure that the elderly would not live out their years in poverty, ill-health and fear. A great nation does not sacrifice its elderly and most needy so that millionaires and billionaires don't have to pay one more cent in taxes.

The United Steelworkers applaud your strong and continued leadership.

Sincerely,

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive style with a large, looping "L" and "G".

Leo W. Gerard
International President

LWG/cdk