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CONCORD COALITION CRITICIZES AARP AD CAMPAIGN AS IRRESPONSIBLE

WASHINGTON – The Concord Coalition said today that a new ad campaign by AARP is misleading, divisive and an abdication of responsible leadership. At a critical moment, when hard decisions must be made about our nation’s future, AARP is demanding that current and future benefits for seniors be maintained at the expense of all other national priorities. It is interest group politics at its worst and should be soundly rejected.

The AARP ad features a senior citizen who warns that before politicians “even think about cutting my Medicare and Social Security benefits” they should remember that there are 50 million seniors with earned benefits who will be heard from on election day. The ad closes with an admonition to “Tell Congress: Cut waste and loopholes, not our benefits.”

The ad is timed to influence the already difficult work of the Joint Congressional Committee on Deficit Reduction (i.e. the “super committee”) which is seeking bipartisan solutions to reduce the deficit by \$1.5 trillion over 10 years.

An email message announcing the ad says “Please let your members [of Congress] know that Medicare and Social Security cuts must be *off the table* as part of the super committees’s consideration” (emphasis added). AARP also states in an Oct. 12 press release that its members are urging the super committee to “protect *current and future* retirees from cuts to their Social Security and Medicare benefits” (emphasis added).

While the press release acknowledges that “Congress will have to make some tough choices to address our nation’s growing debt,” it does not propose any such choices and ignores how much more difficult those choices will be if Social Security and Medicare are exempted.

"This is the kind of tactic and rhetoric AARP has condemned in the past," said former U.S. Senator Bob Kerrey, co-chairman of The Concord Coalition’s Board of Directors. “Since hollowing out the rest of the budget to pay for expanding entitlements would result in more uninsured, undereducated and unemployed Americans, AARP has taken an approach which can only and honestly be described as generational warfare. By its actions AARP has put at risk the strong inter-generational support for Social Security and Medicare."

Concord Executive Director Robert L. Bixby added: "With its size and influence, AARP could be a powerful voice for reasonable reforms to establish a more sustainable fiscal path. Instead, it has chosen to be part of the problem by insisting that all sacrifices must be borne by someone else.

"AARP knows full well that benefits have been changed in the past and will have to change in the future. Most of the changes that have been widely discussed would not affect today's seniors at all. Even worse, the ad perpetuates the false notion that our nation's unsustainable fiscal outlook is merely a product of 'waste and loopholes.' AARP's intransigent position will make realistic solutions all the more difficult."

All options must be on the table to solve our nation's fiscal problems. This includes domestic discretionary programs and defense, both of which have already been slated for cuts, as well as taxes and the major entitlement programs. Concord has long been critical of all attempts to exclude any part of the budget from scrutiny for two main reasons. First, exemptions increase the burden on those parts of the budget that remain on the table. Second, exemptions for some programs or taxes run counter to the concept of shared sacrifice and thus make necessary compromises more difficult to achieve.

Concord agrees that seniors should not be unfairly targeted in deficit reduction efforts. Any benefit changes should be phased in to prevent sudden disruptions for retirees and to give workers time to adjust and prepare for them. That, however, is a far cry from granting a blanket exemption to the nation's two largest entitlement programs, which together comprise roughly one-third of the federal budget.

"The reason why Social Security and Medicare should be on the table in budget negotiations can be found in the 2011 Trustees' Report issued on May 13," Bixby said. "Both programs are growing faster than the economy and both are paying out more than they are taking in from dedicated resources, including payroll taxes, taxation of benefits, and premiums paid by beneficiaries. The balance is made up through general revenues from the Treasury. In other words, neither program is 'self-sustaining.'"

As summed up by the trustees: "The drawdown of Social Security and Medicare [Part A] trust fund reserves and the general revenue transfers into [Medicare Part B] will result in mounting pressure on the Federal budget. In fact, pressure is already evident."

The general revenue needs of both programs will expand rapidly as aging baby boomers become eligible for benefits in much greater numbers and as health care costs continue to outpace economic growth. In contrast, other federal programs are already expected to shrink as a percentage of the economy. In 2020 alone, Social Security and Medicare will draw roughly \$560 billion from general revenues. The projected total drain from general revenue for the two programs over the coming decade is \$3.8 trillion. Absent reforms, this problem will just continue to get larger in future decades.

Calendar Year	General Revenue Transfers (in billions)			
	Social Security (OASDI)	Medicare (Part A)	Medicare (Parts B and D)	Total OASDI and Medicare
2011	46	45	223	314
2012	21	42	232	295
2013	19	31	261	311
2014	17	25	280	322
2015	21	16	315	352
2016	26	12	307	345
2017	35	10	348	393
2018	47	11	377	435
2019	70	12	408	490
2020	99	17	450	566
Totals	\$ 401	\$ 221	\$3,201	\$3,823

Source: Social Security and Medicare Trustees Report 2011 and Concord Coalition Calculations

Not only will the problem grow larger in the future, but these totals are almost certainly understated. Medicare’s chief actuary said bluntly that “the financial projections shown in this report for Medicare do not represent a reasonable expectation for actual program operations in either the short range . . . or the long range.”

The public trustees of the programs, former CBO Director Robert Reischauer and former Deputy Director of the National Economic Council Charles Blahous, provide an important warning in their message in the trustees’ report:

“One way or the other the imbalance between scheduled benefits and future revenues must be resolved. Further delay in enacting corrective legislation to do so as equitably as possible would simply mean that continued uncertainty will surround how the imbalances will be resolved and that the unavoidable adjustments will be compressed into a shorter time period, be concentrated upon fewer affected individuals, and be more disruptive as a result.”

As the super committee considers its options, The Concord Coalition urges that all options remain on the table. Just as ignoring the need for more revenues is unrealistic, pretending that we can exempt important and popular programs like Social Security and Medicare from scrutiny is a good way to ensure that our fiscal problems will never be solved.

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The Concord Coalition is a nonpartisan, grassroots organization dedicated to fiscal responsibility. Former U.S. Senators Warren B. Rudman (R-NH) and Bob Kerrey (D-NE) serve as Concord's co-chairs.

