

Congress of the United States
Washington, DC 20515

December 7, 2020

Stephen Goss
Chief Actuary
Social Security Administration
6401 Security Blvd.
Baltimore, MD 21235

Dear Mr. Goss:

We write to better understand a misleading statement in your recent testimony before the House Ways and Means Subcommittee on Social Security on July 17, 2020.¹ Seniors, individuals with disabilities, and their families count on Social Security to provide important benefits and are understandably concerned by uncertainty about the virus's impact on the National Average Wage Index (AWI) and Social Security benefits.²

The AWI typically increases from one year to the next, but has fallen in the past and may do so again in 2020. In 2009 the AWI was lower than the previous year and affected benefits of individuals initially eligible in 2011. According to your testimony, such an individual could have a benefit that is 1.5 percent less than the benefit of an individual with similar earnings who was initially eligible in the prior year and “[t]hat reduction will persist for the lifetime of those workers.”

In your testimony you stated: “While policymakers did recognize this effect in 2010, no changes were made in the law at that time—mainly because the reduction in the AWI and benefit levels was small and it was known that the first cost of living adjustment (COLA) applicable for those affected would be relatively large (3.6 percent, versus no COLA in the prior two years).” This statement asserts that the reason no action was taken in 2010 was because the benefit effect was “very small” and future COLAs were “known.” Given the importance of accurate representation of decisions by the 111th Congress, we are seeking clarification of this statement.

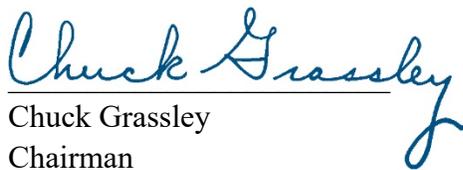
¹ “The Impact of COVID-19 on Social Security and its Beneficiaries,” hearing of the Subcommittee on Social Security, House Ways and Means Committee, on July 17, 2020. Video and testimonies available at <https://waysandmeans.house.gov/legislation/hearings/impact-covid-19-social-security-and-its-beneficiaries>.

² Among other uses, the AWI is used as an input into determining benefits through its use in wage indexation of workers' past earnings and the primary insurance amount (PIA) formula bend points. Many have speculated that the pandemic may lead to a decline in the AWI for 2020 relative to 2019. Among others who would be affected, anyone born in 1960, who becomes newly eligible for OASDI benefits in 2022, and whose past wages will be indexed in benefit determination using the percent change in the AWI between 2019 and 2020, could see reductions in benefits and replacement rates relative to similar earners whose benefits are determined in adjacent years.

1. What is the metric by which you ascertain whether a benefit reduction is “small” enough to justify lack of congressional action or large enough to justify action?
2. Please explain what you meant by “it was known”³ what the 2011 COLA⁴ was going to be at the time the 2009 AWI reduction was announced on October 15, 2010.
3. When it was identified to you prior to the hearing that your above quoted statement was misleading, you declined to correct your testimony. Please explain why you chose to present misleading testimony to Congress.

The Office of the Chief Actuary provides important information to help Congress decide how to strengthen Social Security. Congress reasonably expects that the information provided is accurate and technically sound, especially during a Congressional hearing. The role of the Chief Actuary ought to be much like an umpire at a baseball game, whose job it is to call balls and strikes, and not like the broadcasters who provide commentary. It is not the job of anyone at the Social Security Administration to justify decisions made by Congress and we are concerned by your recent attempt to do so. We look forward to your prompt reply, and request that you respond by December 21, 2020.

Sincerely,



Chuck Grassley
Chairman
Senate Finance Committee



Kevin Brady
Ranking Member
Committee on Ways and Means

cc: The Honorable Andrew Saul, Commissioner of Social Security and Trustee of the Old Age, Survivors, and Disability Insurance Trust Funds

The Honorable Steven Mnuchin, Secretary of the Treasury and Managing Trustee of the Old Age, Survivors, and Disability Insurance Trust Funds

³ By “known,” we mean actual realizations that are recorded in official data and used for benefit determination. Assumptions and forecasts, such as those from Trustees Reports, are not known realizations.

⁴ Benefits calculated using the 2009 AWI were first paid in 2011. The 2011 COLA, announced on October 19, 2011, was the first COLA applied to benefits that were calculated using the 2009 AWI, and affected benefits received beginning in January 2012.