

Defending the Social Safety Net: A Call to Action

Presentation by the PSC Social Safety Net Working Group

Winter 2012

The Social Safety Net

- was built over time to sustain people through unemployment, disability, health crises, and retirement
- includes government programs and employer-provided programs
 - was secured in part through collective bargaining
 - ... and in part through federal and state legislation to protect workers and provide for the needy
- *is an essential part of what it means to live in a caring society*

The Social Safety Net

- includes Social Security, Medicare, employee health benefits, pensions, unemployment insurance, and workers' compensation
- is vital not just to those in short-term need or potential need, but also to younger generations
 - **Your economic security and that of the next generations depends on all of us defending the social safety net today.**

Social insurance protects workers and their families against economic insecurity caused by loss of income from work and by health care costs

- Social Security, the main component, pays retirement benefits, but also supports younger people who are unable to work, and surviving spouses and surviving minor children of deceased workers.
- Medicare and Medicaid assure that health care costs are not a serious burden for those eligible for these programs.
- Unemployment insurance protects those who have lost jobs for no fault of their own.

The social safety net that we all depend on is under attack and has already been eroded by those who would turn back the clock to shrink government, privatize social security, and reduce employers' costs

These attacks are part of an effort

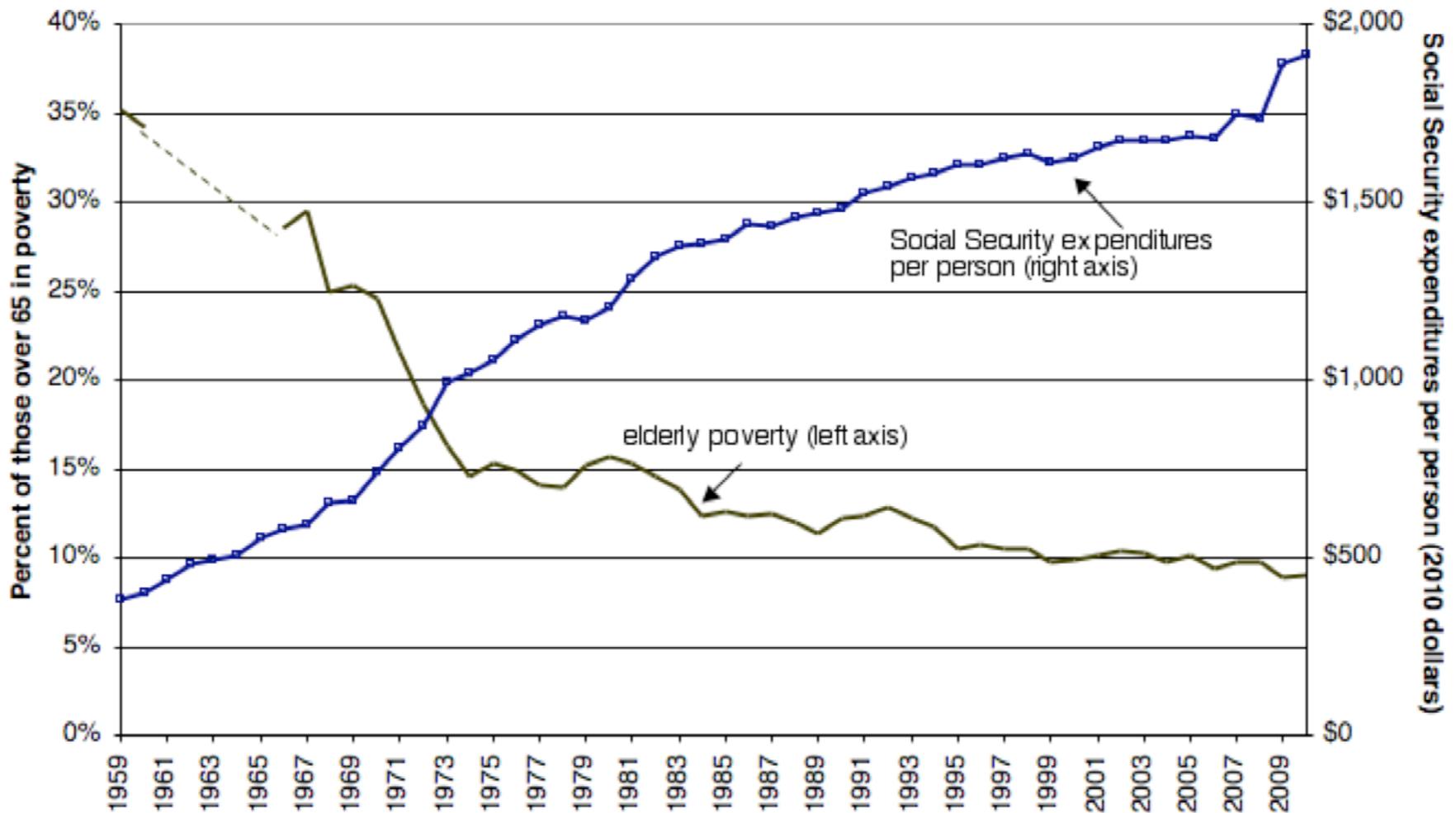
- to roll back wages, benefits, and workplace protections
- to lower business taxes by eliminating government programs
- to increase pressure on working people to work at any wage, under any conditions, at any age, until we drop
- that has been well-funded by the Koch brothers and other conservative big-business forces among the wealthiest 1%
- that has been made more effective by their think tanks (like the Manhattan Institute), their “grass-roots” organizations (like the Tea Party), and their legislation push via the American Legislative Exchange Council

Their efforts have already had an impact...

- passing state and local laws limiting or eliminating collective bargaining for public employees (Wisconsin, Ohio)
- demonizing public workers and cutting public pensions
- proposing cuts to Social Security and Medicare benefits
- strategically using the recession to create a fake fiscal crisis to be “solved” by austerity for working families
- stagnating wages despite huge productivity gains over 30 years
- practically eliminating defined-benefit pensions in the private sector

Social Security has been an extremely effective anti-poverty program for the elderly

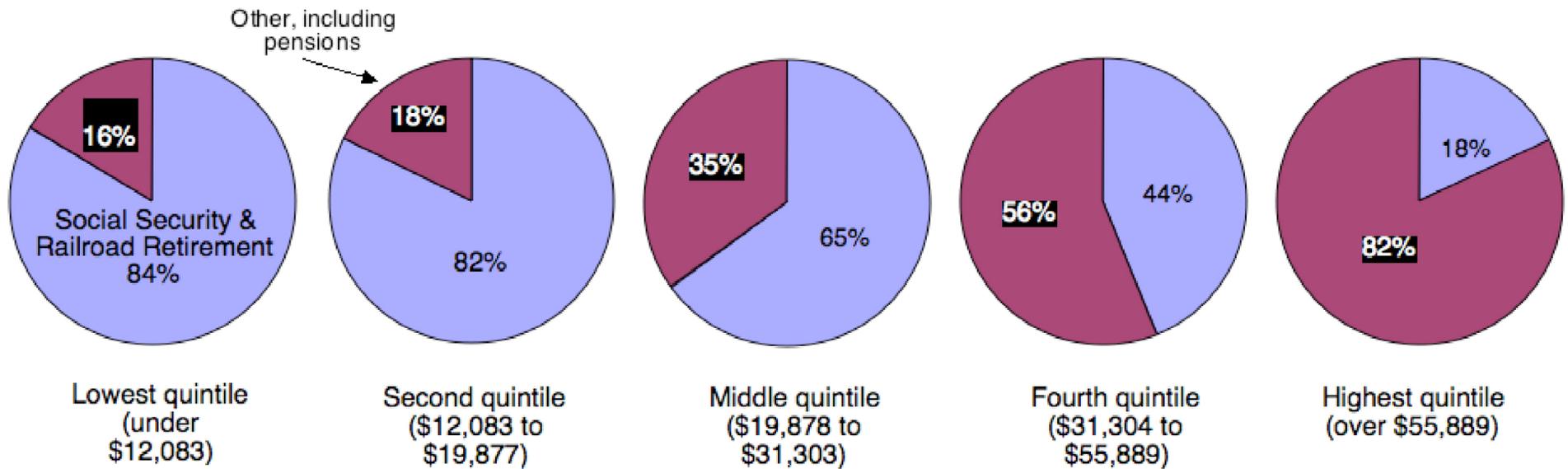
Poverty rate for seniors and Social Security expenditures per person, 1959–2010



Note: no official data on elderly poverty exists between 1959 and 1966; the dotted line is an interpolation. The poverty threshold for a 2-person elderly family as of 2010 is \$13,180.

Source: Economic Policy Institute, State of Working America, at <http://stateofworkingamerica.org/charts/per-capita-social-security-expenditures-and-poverty-rate-for-65-1959-2010/>

Social Security is the primary source of income for most older households. For most of the population, the “three-legged stool” of Social Security, employer-provided pensions, and personal savings has collapsed into just this one.



Money Income Quintile
2008 data

Source: U.S. Social Security Administration, Office of Retirement and Disability Policy, *Income of the Population 55 or Older, 2008*, table 10.5
Download from http://www.socialsecurity.gov/policy/docs/statcomps/income_pop55/2008/

Social Security did not cause and is not part of the federal budget deficit.

The Social Security Trust Fund is built from FICA payroll tax collections, and all benefit payments come from this fund. The fund has always had a surplus—so much that the Fund lends the US Treasury billions to help pay for other current expenses.

With no adjustments, Social Security can pay all currently scheduled benefits in full through 2036. With very minor adjustments it can continue doing that indefinitely.

Other proposals to “save” Social Security (such as raising the retirement age or reducing cost-of-living adjustments) will effectively cut benefits for the most vulnerable, and make no economic sense.

Social Security is a contract among past, current, and future generations. Each generation of active workers pays into the Fund to pay the benefits of current retirees.

How can it make sense (or be equitable) to *reduce* benefits in order to *protect* benefits???

It would be especially unfair to cut benefits for those younger workers who have entered the workforce since 1986 and who will pay higher payroll tax rates throughout their working lives.

Pensions under attack

Private-employer-provided pensions have been decimated over the last three decades as employers have gone on the attack. Defined-benefit programs have been nearly eliminated, replaced by defined-contribution programs (with high risks) or nothing. Public-employee pensions, long viewed as compensation for generally lower wages in the public sector, are next on the radar.

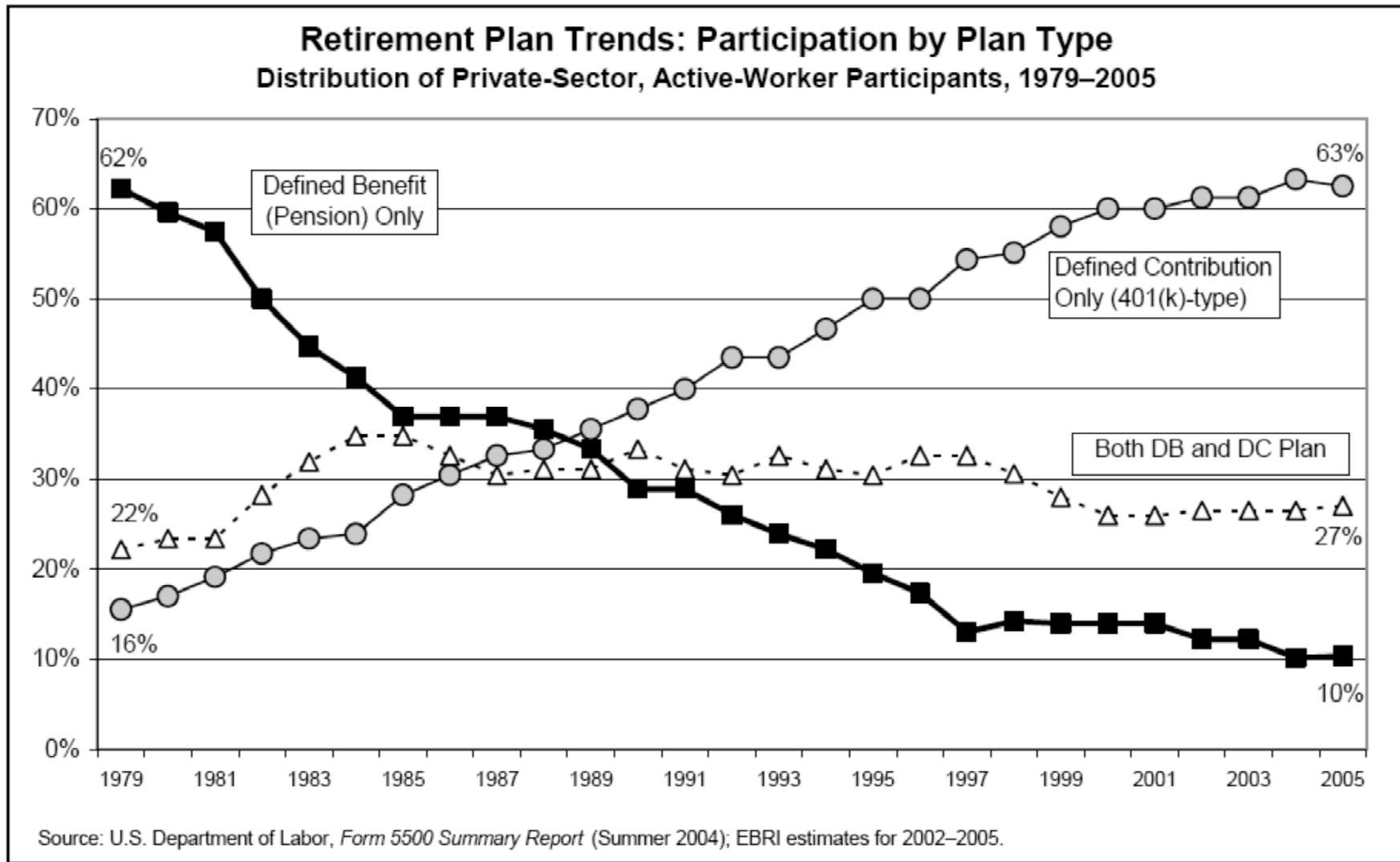
Risky investments and inadequate funding in some states have been compounded by the financial collapse in 2008-2009.

But New York's pension funds, both state and city, are in good shape.

This has not stopped Governor Cuomo and Mayor Bloomberg's efforts to reduce benefits for future retirees, despite NYC Comptroller Liu's conclusion that any problem with funding current pensions will be resolved within ten years.

Private employers have cut back severely on secure pensions

Defined contribution plans like 401(k)s put all the risk on retirees



Source: Employee Benefit Research Institute, 2007, at <http://www.ebri.org/pdf/publications/facts/0607fact.pdf>

Employer-provided pensions are an important part of retaining a decent standard of living for middle-income and upper-middle income earners.

We all need both Social Security *and* a sound, reliable pension to have a comfortable retirement.

While the New York State constitution forbids legislators from reducing pensions already earned and promised, both the mayor and the governor have been trying to create lower “tiers” of benefits for incoming employees.

The PSC has fought against this effort to diminish the benefits of new generations of faculty and staff, and will continue to do so as the attacks on the social safety net go on.

... but this fight is one we must wage together, regardless of our seniority.

Health care — a right, not a privilege

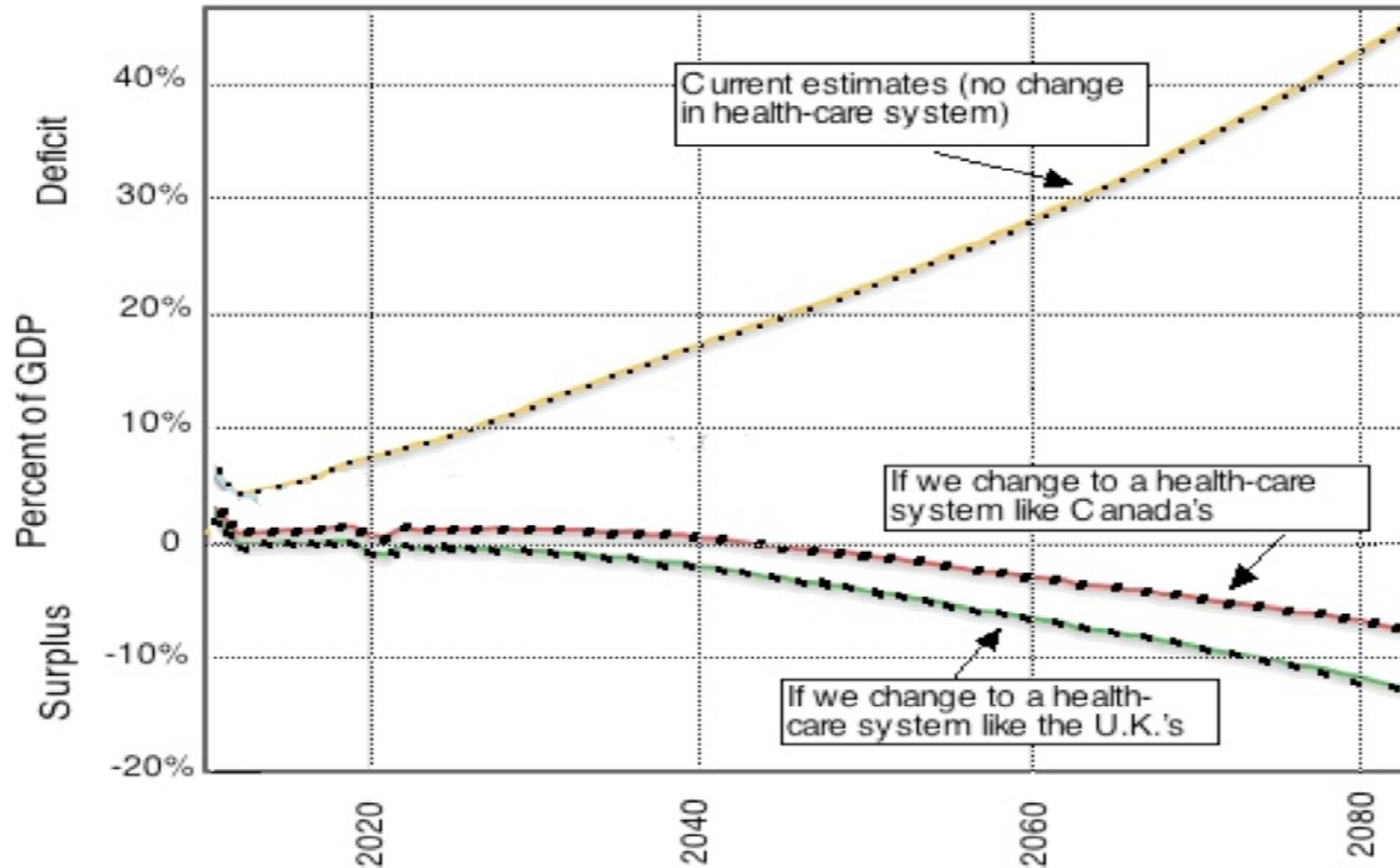
Costs of health insurance under our private, profit-based system have been rising faster than almost any other sector of the economy.

Active employees should not have to choose between wage increases and adequate health coverage. At the moment, the agreement between the PSC and CUNY to provide health insurance to eligible adjunct faculty is in danger, and the union is campaigning to defend this needed benefit.

Retirees should not have to worry about cutbacks in Medicare coverage.

It is clear that our system of private insurance is incredibly inefficient and ineffective, and is the major source of our projected structural deficits.

Health care budget deficits under alternate scenarios



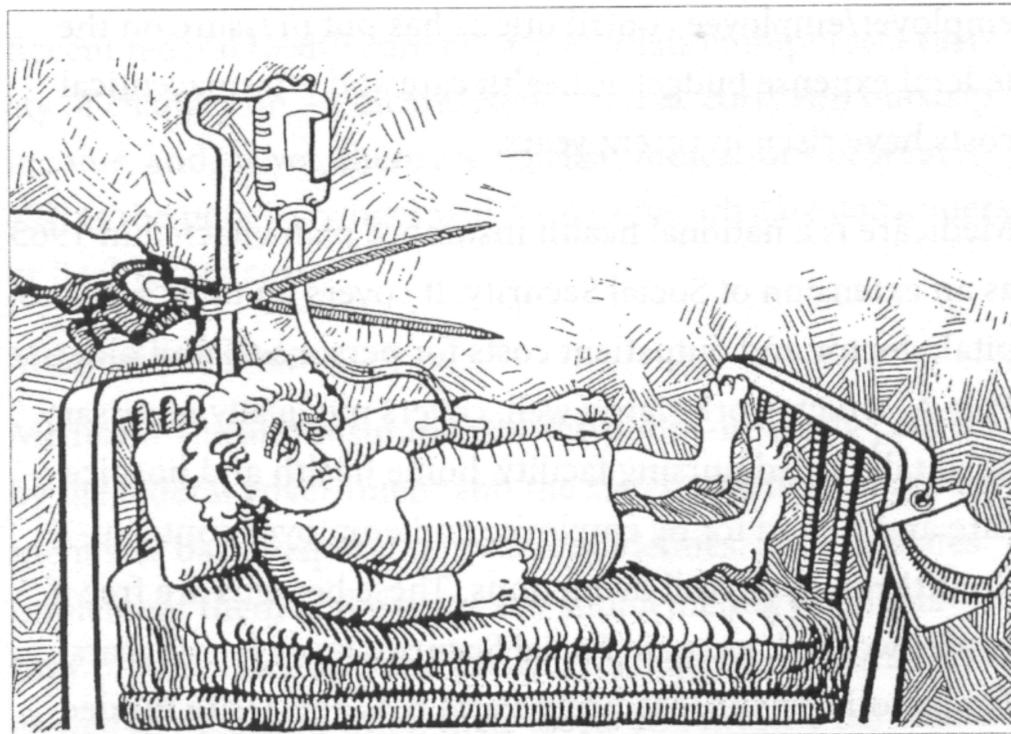
For comparison: life expectancy in US today = 77.7 years; Canada = 80.2 years, and the U.K. = 78.9 years

Source: Center for Economic & Policy Research, at <http://www.cepr.net/calculators/hc/hc-calculator.html>, (using data from the Congressional Budget Office)

The obvious solution—endorsed by the PSC—is single-payer health care, otherwise called “Medicare for All.” Such a system would cover everyone and, through economies of scale, control costs and allow for consumer choice. Medicare spends only 1.5% of its budget on administration, and takes no profit; compare this to private insurance!

But until we achieve this goal, we must constantly defend the coverage we have won during bargaining.

In addition, Medicare *itself* is under attack. Increases in health care and pharmaceutical costs have led to a steady rise in the federal budget contribution; in fiscal year 2011 this rose to \$230 billion. And Part B and D premiums have risen as well. Naturally, the insurance industry says the “cure” for this is to privatize the plan.



Defending (and improving) Medicare, as well as Social Security, is essential to protecting the welfare of both older and younger generations.

Employers and anti-tax lobbyists have succeeded in keeping benefits low despite wage stagnation and increasing cost of living.

Medicaid—the joint federal-state program for health coverage for those of limited income—has been under attack, as many states have increasingly restricted eligibility and coverage.

Unemployment insurance and workers' compensation, two state-run programs vital to protecting workers in crisis, have been cut back in many states as well, despite their being funded by employers' insurance premiums.

All such cuts are “penny-wise and pound foolish,” and hurt the most vulnerable in our society.

We are at a crossroads. What kind of country will we have? Generous, cooperative, caring, just? Or mean-spirited, dog-eat-dog, narrow-minded, greedy?

The founding fathers understood that the point of having a country at all included “promot[ing] the general welfare” (Preamble to the US Constitution).

The PSC agrees. We choose life, freedom, equality, community, solidarity.

Defending and improving the social safety net requires *action*...

- Engaging in legislative and electoral work;
- Organizing PSC members and their networks of family, friends, and neighbors to get involved;
- Presenting conferences and events, and using print and electronic media to educate and mobilize the public;
- Working with allies in other unions and community organizations;

Defending and improving the social safety net requires *action*...

- Initiating and supporting demonstrations, including direct action;
- Talking to your friends and family about why they need to protect safety net benefits too; and
- Using social media to counter the myths, distortions, and campaigns promoted by conservative think tanks and lobbyists.

The social safety net is ours. We and our grandparents and parents worked for it and contributed to it, and we struggle for it during contract fights.

We will not let the very few, the very rich, the very powerful (and those whom they have fooled) destroy it. Our society can afford it—in fact we cannot afford to *lose* it!

Sign up as an active member of the PSC Social Safety Net Campaign:

www.psc-cuny.org/social-safety-net

To obtain a copy of this slide show, go to...

psc-cuny.org/sites/default/files/SSNslides.pdf