



Paralyzed Veterans  
of America

**Testimony of**  
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**Before the**  
**House of Representatives**  
**Ways and Means Committee**  
**Hearing on the Social Security 2100 Act**  
**July 25, 2019**

Chairman Neal, Ranking Member Brady, members of the committee, I am Shaun Castle, Deputy Executive Director for Paralyzed Veterans of America (PVA) and I want to thank you for giving me this opportunity to once again testify about the importance of Social Security to millions of veterans and members of the Millennial generation like me and to express PVA's views on important legislation to preserve and strengthen this valuable program. PVA is the nation's only congressionally-chartered veterans service organization representing veterans with spinal cord injuries or disorders. PVA's mission encompasses advocacy not only on behalf of veterans - both service-disabled and non-service disabled - but also on behalf of all individuals with injuries to or disorders of the spinal cord.

Those of you on the Social Security Subcommittee heard my reflections earlier this year about this vital social insurance program that Americans pay into to fund retirement, disability, and survivor benefits earned throughout their work life. As you know, military service has been covered by Social Security since 1957. According to the most recent statistics from the Social Security Administration, over nine million veterans receive





Social Security benefits – either retirement or disability – accounting for 18 percent of all adult beneficiaries. In fact, veterans and their families comprise 35 percent of the Social Security recipient population.<sup>1</sup> While PVA is and always will be a strong supporter of the VA system of health care and compensation benefits, we recognize that, with just a few exceptions, its dominant focus, particularly as it relates to benefits, is veterans with service-connected disabilities. For the broader population of veterans with disabilities, it is Social Security that offers a more comprehensive system of supports not only for veterans themselves but their spouses, dependents, and survivors.

My own story begins in November 2003 when I was 22. Like many 22 year olds, I had my life's direction set. I was going to make military service my career, with a specialty in law enforcement, but an Army training accident damaged my spine. Experimental surgery to address the condition was unsuccessful and I was medically retired from the military in 2004. The VA determined that my injury was related to my military service and provided me approximately \$700 a month in compensation. A second surgery in 2008 meant to arrest the deterioration in my condition instead resulted in more, complete and irreparable damage to my spinal cord. In January 2009, when I was 27 years old, I was granted Social Security Disability Insurance (SSDI) upon a hearing appeal after first being denied and received roughly a year's retroactive benefits. I was not working because of my injuries and, while still technically employed, I had run through my sick leave. My only income was that \$700 a month from the VA and it would be almost another two years, in October 2010, before the VA processed my paperwork to finally get my rating up to where it was supposed to be.

When I was determined to be eligible for SSDI, I was on the verge of being homeless, running out of food, and dealing with the ramifications from a second failed spinal cord surgery that had put me into my wheelchair permanently. Being granted SSDI gave me some breathing room. I was able to finally get into an accessible home and started to

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<sup>1</sup>Social Security Administration, Research, Statistics and Policy Analysis, Population Profiles, Veteran Beneficiaries, 2018, <https://www.ssa.gov/policy/docs/population-profiles/veteran-beneficiaries.html>.





put my life back together. Had I not received SSDI when I did, I do not honestly know what I would have done and how that would have impacted where I am today.

Having Social Security – and the Medicare coverage that came with it – gave me the financial and health care security to recover from losing my career twice in a five year span, first as a service member and second as a federal police officer, because of my injuries. And Social Security’s work incentives supplied the assurance for me to pursue a new life and new opportunities. I was able to return to school in 2014. Then, in November 2017, I accepted the position of Deputy Executive Director of PVA. I started my trial work period with the knowledge that, if my impairments worsened, I would be able to again receive benefits, including Medicare, without delay. Although returning to work has had an effect on my physical health, I’m happy to report that I am now past my trial work period and have transitioned off benefits. I really have SSDI to thank for being there when I needed it the most and the role it played in helping me get to where I am now.

My entire life, I have heard the same narrative over and over that Social Security is in dire trouble and cannot be sustained without drastic reductions in benefits. That is not borne out by the facts. Social Security is self-financed through the contributions of workers and employers and will be able to pay full benefits until 2035. The combined trust fund assets total \$2.9 trillion.<sup>2</sup> Social Security's overall shortfall over the next 75 years is just one percent of gross domestic product (GDP). True, 2035 is not that far away, but this is a modest discrepancy and PVA believes it can and must be closed without cutting benefits for current or future generations.

We agree with the basic premise that Social Security is vital public insurance, particularly because all of our members benefit in some way from this program, whether it is the benefits that afford them a secure retirement, protect their survivors and

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<sup>2</sup> 2019 Social Security Trustees Report, <https://www.ssa.gov/OACT/TR/2019/>.





dependents, or enable them to manage living with a disability with dignity. When I was first injured, I sought life insurance to ensure that my wife would be protected in the event that my spinal cord injury shortened my life. I was not aware that VA life insurance was an option until long after the time period to file for it had passed. I don't recall how many insurance companies I applied to for a policy but every single time I was denied because of my disability. Social Security is the only guaranteed source of retirement, life, and disability insurance available to the general public that cannot be withheld because of a health condition, terminated by an employer, or won't disappear because a company pension fund goes bankrupt.

That is why PVA strongly supports the Social Security 2100 Act. In particular, PVA applauds the provisions in this bill that would establish a more realistic cost-of-living-adjustment for beneficiaries, strengthen protections for low income workers and for all beneficiaries, cut taxes on benefits for nearly twelve million beneficiaries, and make long overdue adjustments in the financing mechanisms for the system. We also appreciate its recognition that Social Security's disability, retirement, and survivor protections are all part of one unified system and the fact that Social Security actuaries have determined that this bill will ensure the long-term solvency of the trust funds, making sure it remains strong for future generations. This legislation demonstrates that preserving and strengthening Social Security can be done without causing harm to beneficiaries, many of whom rely heavily on its programs for their economic security.

**Benefit Improvements** - The U.S. faces a retirement crisis because of the many Americans who have been unable to save extensively for retirement due to stagnant wage growth over the past several decades. According to Social Security Administration data, the average monthly Social Security benefit for veteran beneficiaries aged 65 or older in 2014 was \$1,442. At the median, Social Security benefits accounted for 53 percent of veterans' personal income. When you have worked all of your life and paid into the system over that lifetime, you should not retire into poverty. Yet that is the prospect facing many of those referred to as the working poor, a portion of which





includes veterans with non-service-related disabilities. These veterans are like Gus, who I told you about in my testimony in April. He served this nation honorably, was recipient of the Silver Star for heroism, but acquired a catastrophic disability just weeks after his discharge from the military and had to depend on SSDI. According to a 2017 report from the Department of Veterans Affairs, the working-poor rate for veterans with a disability is 7.9 percent compared to 4.4 percent for veterans with no disability. Civilian counterparts with a disability have a working-poor rate of 16.0 percent compared to 8.9 percent for those without a disability.<sup>3</sup> According to a separate VA report,<sup>4</sup> over 9 percent of male veterans with disabilities live in poverty while more than 15 percent of women veterans with disabilities live below the poverty line.

The Social Security 2100 Act provides some modest help for people such as these workers with an increase for all beneficiaries that is the equivalent of 2 percent of the average benefit. In addition, it offers a new minimum benefit set at 25 percent above the poverty line and which would be indexed to wages to ensure that the minimum benefit does not fall behind.

**More Realistic Inflation Adjustment** – According to the Bureau of Labor Statistics, older Americans and those with disabilities devote a substantially larger share of their total budgets to medical care. From the early 1980s through the first decade of this century, medical care inflation increased significantly more than inflation for most other goods and services (5.1 percent annually for medical care, compared with 2.8 percent for all items other than medical care). Older Americans and people with disabilities also tend to spend relatively more on shelter, and in many years shelter costs outpace overall inflation.<sup>5</sup> The Social Security 2100 Act addresses this imbalance by using the

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<sup>3</sup> The Veteran Working Poor: The Relationship Between Labor Force Activity and Poverty Status, November 2017, prepared by the National Center for Veterans Analysis and Statistics, [https://www.va.gov/vetdata/docs/SpecialReports/The\\_Veteran\\_Working\\_Poor.pdf](https://www.va.gov/vetdata/docs/SpecialReports/The_Veteran_Working_Poor.pdf).

<sup>4</sup> Profile of Veterans in Poverty: 2014, prepared by the National Center for Veterans Analysis and Statistics, [https://www.va.gov/vetdata/docs/SpecialReports/Profile\\_of\\_Veterans\\_In\\_Poverty\\_2014.pdf](https://www.va.gov/vetdata/docs/SpecialReports/Profile_of_Veterans_In_Poverty_2014.pdf).

<sup>5</sup> Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily*, Consumer Price Index for the elderly. [https://www.bls.gov/opub/ted/2012/ted\\_20120302.htm](https://www.bls.gov/opub/ted/2012/ted_20120302.htm)





Consumer Price Index for the Elderly (CPI-E) for the annual cost of living adjustment formula instead of the current inflation adjustment. Let me just add here, that proposals to use the chained CPI would be even more harmful to beneficiaries, especially older retirees and widows who are more likely to rely on Social Security benefits as they age.

**Trust Fund Solvency** - Social Security is an insurance system supported by premium payments into the Trust Fund. The Social Security 2100 Act strengthens the Trust Fund through very modest adjustments in these payments under the Federal Insurance Contribution Act or FICA. Until the 1990s, FICA payments covered roughly 90 percent of all wages in the United States. As incomes rose at the very highest levels of the income scale during the last twenty to thirty years, more and more income became exempt from Social Security payroll contribution obligations. Today, payroll taxes are not collected on wages over \$132,900. To improve fairness, this legislation would apply FICA to wages above \$400,000, affecting roughly the top 0.4 percent of wage earners.

In addition, the Social Security 2100 Act recognizes that, like most insurance plans, premiums have to increase from time to time. It gradually phases in an increase in the contribution rate so that by 2043, workers and employers would pay 7.4 percent instead of 6.2 percent today. At the April hearing, some decried the adverse impact this would have on young workers who would eventually pay an additional \$600 on earnings of \$50,000 a year. Overlooked was the increase in subsequent Social Security benefits that would accrue to those Millennials in retirement under the Social Security 2100 Act. For the average worker this would mean paying an additional 50 cents per week during the phase in period to keep the system solvent. As a Millennial, I'm willing to pay an additional 50 cents per week to keep the system solvent.

Finally, the Social Security 2100 Act gets rid of an artificial distinction that has plagued Social Security for years. As I have said before, Social Security provides all-in-one retirement, survivor, and disability benefits funded through the dedicated FICA contribution paid by workers. There are technically two trust funds, Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI), and the combined trust funds





are what is usually referred to as the Social Security Trust Fund. However, over the years, transfers of funds from the OASI to the DI trust fund and vice versa have been necessary to keep the overall system in balance. This has allowed those who do not believe in Social Security to play politics with what is essentially a bookkeeping entry. The Social Security 2100 Act combines the OASI and DI trust funds into one Social Security Trust Fund, eliminating the ability of those who oppose the program to hold it hostage to partisan gamesmanship. Enactment of this provision does not change Social Security's overall financial condition and does not increase the deficit or debt.

PVA believes that the Social Security 2100 Act meets most of the principles that we have endorsed for addressing the long-term health of Social Security. It assures the long-term solvency of the Social Security OASI, and DI programs without any benefit cuts but through modest changes to the wage base covered by the FICA payroll contributions tax. It ensures that those individuals who will contribute more to Social Security under the new rules will also receive higher Social Security benefits and uses the same formula for calculating benefits for the OASI programs and the DI program. Finally, it ensures that all components of the Social Security system (OASI and DI) are solvent for the same period of time by merging the Trust Funds.

As my testimony illustrates, Social Security is much more than a retirement program. Even as policymakers are preoccupied with the long-term health of the Social Security program, they must not overlook Social Security's role as a sustaining foundation for millions of people with disabilities. I was fortunate to be able to return to work. For other people with a spinal cord injury, or any significant disability for that matter, they may not be able to pursue full-time, traditional employment. That is why it is so important for any changes to Social Security to take into account their impact on all beneficiaries. In 2043, I will be 61 years old and look forward to my normal retirement age in 2049, at which time I expect to receive full benefits in a strong, reliable Social Security system thanks to this legislation.





Thank you Chairman Neal, Ranking Member Brady and members of the committee for your attention this morning. PVA stands ready to work with you and your colleagues in advancing this legislation to extend and enhance Social Security, this extremely valuable program for all Americans.





### **Information Required by Rule XI 2(g) of the House of Representatives**

Pursuant to Rule XI 2(g) of the House of Representatives, the following information is provided regarding federal grants and contracts.

#### ***Fiscal Year 2019***

Department of Veterans Affairs, Office of National Veterans Sports Programs & Special Events — Grant to support rehabilitation sports activities — \$193,247.

#### ***Fiscal Year 2018***

Department of Veterans Affairs, Office of National Veterans Sports Programs & Special Events — Grant to support rehabilitation sports activities — \$181,000.

#### ***Fiscal Year 2017***

Department of Veterans Affairs, Office of National Veterans Sports Programs & Special Events — Grant to support rehabilitation sports activities — \$275,000.

### **Disclosure of Foreign Payments**

Paralyzed Veterans of America is largely supported by donations from the general public. However, in some very rare cases we receive direct donations from foreign nationals. In addition, we receive funding from corporations and foundations which in some cases are U.S. subsidiaries of non-U.S. companies.

