

ASSEMBLY RESOLUTION No. 206

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED NOVEMBER 19, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Urges United States Congress to pass legislation to increase Social Security cost of living adjustment and change method of calculating future cost of living adjustments.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ASSEMBLY RESOLUTION** urging the United States Congress to
2 pass the “COVID-19 Emergency Social Security Cost of Living
3 Increase Act of 2020.”
4

5 **WHEREAS**, The coronavirus disease 2019 (COVID-19) pandemic has
6 disproportionately affected New Jersey’s senior citizens, not only
7 causing scores of deaths, but also affecting the stock market and the
8 State’s economy, thereby eroding seniors’ retirement income and
9 savings; and

10 **WHEREAS**, According to the Social Security Administration, among
11 elderly Social Security beneficiaries nationwide, 21 percent of
12 married couples and 45 percent of unmarried individuals rely upon
13 Social Security for 90 percent or more of their annual income; and

14 **WHEREAS**, As of December 2019, approximately 1.6 million New
15 Jersey residents, or 18.8 percent of the State’s population, receive
16 Social Security benefits; and

17 **WHEREAS**, Social Security benefits lifted nearly 400,000 New Jersey
18 senior citizens out of poverty between 2016 and 2018, according
19 the Center on Budget and Policy Priorities; and

20 **WHEREAS**, In 2018, the Social Security program also provided
21 financial support to 66,000 New Jersey children under the age of 18
22 who were primarily the dependents of retired, disabled, or deceased
23 adults; and

24 **WHEREAS**, The federal government annually increases the amount of
25 Social Security benefits by a cost of living adjustment, or COLA,
26 which increases the benefit to keep pace with the rising cost of
27 widely-utilized goods and services, such as housing and medical
28 care; and

29 **WHEREAS**, In October 2020, the Social Security Administration
30 announced a 1.3 percent COLA increase for Social Security
31 benefits for 2021, one of the lowest COLAs since legislation first
32 mandated annual Social Security benefits adjustments in 1975; and

33 **WHEREAS**, The federal government bases the annual Social Security
34 COLA on the Consumer Price Index for Wage Earners and Clerical
35 Workers (CPI-W), which is a measure of the average change over
36 time in the price of a market basket of goods and services that
37 working-age consumers purchase for daily living, such as clothing,
38 food and beverages, and entertainment; and

39 **WHEREAS**, A more accurate measure of the average change over time
40 in the price of goods and services that represent a larger share of
41 senior citizens’ budgets, such as medical care and housing, is the
42 Consumer Price Index for the Elderly (CPI-E); and

43 **WHEREAS**, The CPI-E, which the federal government developed in
44 1988, reflects the consumer spending patterns of households headed
45 by individuals aged 62 or older, and is therefore a more accurate
46 measure of annual increases in the cost of goods and services that
47 represent a significant percentage of senior citizens’ annual
48 expenditures; and

1 market basket of goods and services that working-age consumers
2 typically purchase on a regular basis, such as clothing or food and
3 beverages. However, the CPI-W does not accurately reflect inflation
4 for certain goods and services that account for a large share of
5 senior citizens' expenditures, such as medical care or housing.
6 Therefore, some policymakers and advocates argue that the Social
7 Security COLA should be based on the Consumer Price Index for
8 the Elderly (CPI-E), which the federal government developed in
9 1988. These policy makers and advocates argue that the CPI-E
10 better reflects the consumer spending patterns of households headed
11 by individuals aged 62 or older, and is therefore a more accurate
12 measure of annual increases in the cost of living for senior citizens.