



August 11, 2010

Dear Members of Congress:

As a national network of [economic experts of color](#), we are alarmed by the publicized deliberations of the National Commission on Fiscal Responsibility and Reform. **We urge you to reject any proposals to bring unwarranted budget cuts or benefit reductions that would have a disproportionately egregious impact on working families**—especially working families in communities of color—that have been most harmed by the economic recession. Specifically, we believe that certain proposed cuts to Social Security, mainly, the recommendation to increase the age of normal retirement, are illegitimate in the context of deficit reduction and would have a disproportionately negative effect on communities of color.

We want to remind you that average hard working Americans were not responsible for the nation's current fiscal dilemma and should not bear the brunt of spending reductions intended to rein in the budget deficit. In fact, working class Americans of all racial and ethnic backgrounds have already taken a severe financial hit in the form of higher unemployment, reduced wages, foreclosed homes, evaporated home equity, and drastically reduced retirement savings. It is also important to note that families of color have suffered these indignities disproportionately, even though they possessed the least amount of wealth of all Americans before the financial crisis. **These workers and their families need policies that will support them in their time of need—not policies that will further rob them of their economic security.**

It has become popular for politicians to suggest raising the retirement age (e.g., the “normal” and/or “early” retirement ages) as the “easy” solution for solving Social Security’s projected long term fiscal imbalance. Unfortunately, those who offer this proposal have not sufficiently examined its impact on various population subgroups nor have they thoroughly considered the difficulties older workers face trying to remain competitive in a shrinking labor market. It is well-documented that certain racial and ethnic groups have lower life expectancies due to a range of socio-economic factors—such as poorer health status, higher rates of disability, lower education levels, and lower-incomes—that reduce the quality and shorten the longevity of their lives. This is especially true for African Americans and Native Americans but also for workers from other racial and ethnic groups who have engaged in a lifetime of physically labor-intensive work at low wages with inadequate access to affordable health care, quality housing, nutritious foods, and decent education.

Raising the retirement age represents a benefit cut because it forces individuals to work longer and thereby contribute more in payroll taxes, while delaying the time at which a worker is eligible to start taking Social Security withdrawals, effectively reducing the amount of benefits received. Many often also overlook the fact that raising the retirement age also represents a transfer of Social Security wealth from those with shorter life expectancies to those with longer life expectancies. This outcome has troubling

race and class implications that should be of concern to any policy-maker who cares about uplifting the democratic principles of fairness and inclusion.

In addition to concerns about unfair wealth transfers, raising the retirement age involves other labor market challenges with troubling racial implications. Recent contractions in the labor market brought on by the recession come on top of an unequal labor market that has already undergone significant reductions due to international trade, corporate outsourcing policies, and the large scale dismantling of the U.S. manufacturing sector. In each instance, it has been lower-income workers and workers of color who have disproportionately borne the brunt of dislocations in the labor market (as unemployment figures attest). Throw into this mix a requirement for workers to stay in the job force longer and you have an unsavory scenario in which those who have been most disadvantaged in the labor market are left with restricted employment possibilities and fewer sources of income as they age.

In short, there are not enough jobs to go around, older adults have more difficulty landing jobs that do exist, and older adults of color are the most disadvantaged in the quest to secure and/or retain precious job opportunities that can sustain them while they wait to access Social Security benefits. Already, the Social Security Administration reports that there has been a surge in Social Security disability and retirement applications, and an unusually large percentage of the retirement applicants are not yet at the full benefit retirement age, reflecting their dismal employment prospects in our struggling economy. We urge policymakers to gather more and better information about the state of the labor market for older adults of color so that you can better understand this important dynamic in the context of proposed reforms to Social Security's retirement benefits.

Finally, Social Security is an important social insurance asset for workers and their families across the lifespan and ill-conceived cuts to the program would also exacerbate economic insecurity for families when faced with the disability, death, or retirement of a breadwinner. **Workers of color are especially dependent on Social Security's various benefits.** As retirees, African Americans and Hispanics are more likely than whites to rely on Social Security for the bulk of their retirement income. This is because they are less likely to have other sources of wealth such as private pensions, investments, or personal savings to supplement their Social Security income. Disproportionately among the disabled, African American and Hispanic workers rely heavily on the program's income replacement benefits when they can no longer work due to a severe disability. And, children of color have a disproportionate reliance on Social Security survivor benefits due to higher rates of early death among African-American workers and higher fertility rates among Hispanics—who have lower death rates than African Americans but have more dependent children eligible for coverage when they do experience early death.

In sum, Social Security is more than a retirement program. It is a lifetime guarantee against extreme poverty in the event of lost income due to death, disability, or retirement. In light of the program's long term fiscal challenges, thoughtful policymakers should consider responsible proposals that fully consider the distributional effects of proposed changes on workers of color and their dependents. Because the recession has had a disproportionately negative impact on communities of color, the very groups expected to comprise the majority of the U.S. population in a few short years, these communities are projected to possess even less wealth to help meet their income security needs in the future. **Thus, it is imperative that our nation's leaders also consider ways to strengthen Social Security so that its benefits can adequately meet their needs.**

For more details about the importance of Social Security to people of color and for our recommendations for program reform, we encourage you to read our recently released report, "[Social Security at 75: Building Economic Security, Narrowing the Racial Wealth Divide.](#)" For your convenience, this report and related materials can be found at <http://www.racialwealthgap.org>.

Thank you for your time and consideration. If you would like to receive more information or engage in further dialogue about this important issue, please contact our Washington liaison, Dr. Maya Rockeymoore, at 202-265-5111 or [maya@globalpolicysolutions.com](mailto:maya@globalpolicysolutions.com).

Sincerely,

Meizhu Lui, Director  
Closing the Racial Wealth Gap Initiative  
Insight Center for Community Economic Development

### **About Us**

The Insight Center's [Closing the Racial Wealth Gap Initiative](#) is a national effort to address the wealth gap that leaves the average American family of color with only 16 cents for every dollar owned by the average white family. To close this gap in the next generation, we have brought together over 150 scholars, advocates, and practitioners of color to inform the national economic debate with diverse perspectives and provide policy solutions to create a more inclusive and equitable future for all Americans.