

Gonzalez Introduces Bill to Accurately Calculate COLAs for Seniors

Washington, D.C. – Congressman Charles A. Gonzalez (TX -20) today introduced the Consumer Price Index for Elderly Consumers Act of 2011, a bipartisan legislation that would give our seniors a Social Security Cost of Living Adjustment (COLA) that actually reflects their cost of living.

“Since it was first signed into law 75 years ago, Social Security has done so much to improve the quality of life for our nation’s seniors,” said Congressman Gonzalez. “COLAs are an essential part of Social Security that must be calculated accurately. We must provide the basic benefits that our seniors can count on, regardless of the ups and downs of the economy.”

Currently, COLAs are calculated based on a consumer price index (CPI), an indicator the government uses to measure the rate of inflation. The CPI-W calculates the increase or decrease in the cost of goods purchased by young urban workers. Seniors typically spend their money in vastly different ways, thus the CPI-W does not adequately reflect seniors’ changes in cost from year to year.

The *Consumer Price Index for Elderly Consumers Act of 2011* aims to fix the discrepancy by creating a separate consumer price index calculation for elderly consumers and would base the Social Security COLA on the CPI-E rather than the CPI-W. This allows the Federal government to more accurately base COLAs on the actual living costs the typical senior must pay.

“Six in ten seniors rely on Social Security for more than half of their income. It is imperative that they receive some relief through the continued hardship caused by the economic downturn.”