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## Social Security Backers on Alert for Obama `Code' for Benefits Compromise

By Heidi Przybyla and Catherine Dodge - Jan 25, 2011

President [Barack Obama](#) may signal in his State of the Union address tonight that he's ready for compromises on Social Security -- a political flash point for every president since Franklin Delano Roosevelt created the federal retirement program in [1935](#). He just won't say it.

Obama plans to emphasize a balanced approach and shared sacrifice to address the debt, leaving specifics to his February budget proposal. For experts following the debate, uttering those words without making a firm pledge not to tinker with Social Security will be taken as an implicit endorsement of tax increases and benefit cuts.

"He's going to speak in code," said Michael Tanner, a senior fellow at the [Cato Institute](#) in [Washington](#) that backs benefit cuts.

"The average person on the street won't have a clue," said Nancy Altman, an advocate for keeping Social Security as it is, and a top aide on President [Ronald Reagan](#)'s Social Security commission. Altman, author of "The Battle for Social Security," said she is concerned "they'll try to wrap it into a comprehensive debt-reduction package."

The Social Security [trust fund](#) will run out of assets in 2037, according to a 2010 trustees [report](#). The trust fund will need another \$5.3 trillion over the next 75 years to pay all scheduled benefits.

Obama faces choices in satisfying those in his administration, Congress and the business community who demand a commitment to curbing the \$14 trillion national debt, versus Democratic voters and activists who say Social Security isn't contributing to the debt and oppose any changes.

No 'Bold Strokes'

"I don't think it's a moment for bold strokes," said Democratic pollster Peter Hart. "It's a moment where he can make general suggestions."

There is momentum for some kind of change. Obama has surrounded himself with veterans of President [Bill Clinton](#)'s unsuccessful efforts, including new chief economic adviser [Gene Sperling](#) and Budget Director Jack Lew.

“If he wants Social Security reform, he has the brain trust to pull it off,” said Chuck Blahous, director of former President [George W. Bush](#)’s Social Security commission.

Obama also has a report from his bipartisan deficit-cutting commission that recommends raising the [retirement age](#) to 69 in 2075, which second-ranking Senate Democrat [Dick Durbin](#) of [Illinois](#) called “hardly radical.” Under a 1983 law the full- benefit [retirement age](#) is gradually rising from 65 to 67 in 2027.

## Debt Ceiling

Finally, Congress faces a vote early this year on raising the national debt ceiling, which some lawmakers like Republican Senator [Lindsey Graham](#) of [South Carolina](#) have said they’ll support only on condition of a debt-reduction bill that might be a vehicle for changes to Social Security.

Those forces are running into activist groups and polling data that show why Obama may make the same decision as Clinton and Bush - to tackle it in a second term if he were to win one.

“The best scenario for Social Security reform is a second- term Democratic president and a Republican Congress,” said David John, a Social Security expert at the [Heritage Foundation](#) in Washington, which advocates limited government. “First you’ve got to get the second term.”

Clinton in 1999 [proposed](#) investing most of the budget’s then-surplus in Social Security and providing matching funds for “universal [savings accounts](#).” Bush pushed unsuccessfully to let younger workers invest part of their Social Security tax payments in private accounts.

## Opposition in Poll

Polls show most Americans don’t want the changes Obama’s commission said are necessary to shore up Social Security. A [survey](#) released Jan. 18 by Greenberg Quinlan Roser Research, a Washington-based Democratic polling firm, found that 55 percent of respondents oppose raising the Social Security retirement age to 69.

Warnings about the debt and its effect on the nation’s credit rating may make it harder for Obama to avoid the issue during this term.

Moody’s Investors Service and Standard & Poor’s have said they are considering downgrading their ratings on [U.S. debt](#) because of rising interest-to-revenue ratios and other factors including higher health-care and Social Security costs.

“There’s been so much buildup for this being the year to focus on the fiscal pivot,” said Maya MacGuineas, president of the Committee for a Responsible Federal Budget, a watchdog group in Washington. “They can’t do nothing.”

## Tax Compromise

Opponents of changes are on guard after the president's tax-cut compromise last year that included a \$110 billion, one- year holiday on payroll taxes that fund Social Security benefits.

Thirty-three members of the Congressional Progressive Caucus sent a Jan. 20 [letter](#) asking Obama to "send a clear message in your State of the Union address: Hands off Social Security!"

Eric Kingson, co-director of Social Security Works and of the Strengthen Social Security campaign, said more than 250 organizations, including unions such as the AFL-CIO and the [Service Employees International Union](#), will fight any effort to reduce benefits.

Barbara Kennelly, president of the National Committee to Preserve Social Security and Medicare, said her group gathered 780,000 petition signatures against cutting benefits.

"I just hope somebody at the White House is listening," Kennelly said. "The Democrats have always been champions of Social Security."

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