



NATIONAL ASSOCIATION OF POSTAL SUPERVISORS

National Headquarters
1727 KING STREET, SUITE 400
ALEXANDRIA, VA 22314-2753
(703) 836-9660

For Immediate Release:

NAPS Statement On Proposals To Shift COLA To Chained CPI

In April, President Barack Obama issued his budget proposal for FY 2014, a proposal that included several measures aimed squarely at deficit reduction. One of these proposals proposed moving Cost-Of-Living-Adjustments (COLA's) for Social Security and Federal/Postal pensions from the standard Consumer Price Index (CPI), which uses the average prices of consumer goods as a barometer for average household expenditures, to a measurement known as "chained CPI."

Chained CPI differs from standard CPI as it assumes that Americans will change their buying habits to reflect lower household income, such as purchasing a cheaper store-brand product rather than the name brand counterpart. The problem with the current CPI and concurrently with chained CPI is that medical care makes up only 6% of the applied index. Americans who rely on Social Security and federal pensions will witness their healthcare costs skyrocket as they get older, while having to live on a fixed and often times, reduced income.

NAPS opposes moving to chained CPI because it represents another assault on the pay and benefits of retired public servants who worked to promote America's strength and prosperity. While NAPS does acknowledge the need for deficit reduction, we believe that instead of placing this responsibility on the backs of federal and postal retirees, Congress must examine ways to equitably distribute the shared sacrifice needed to restore America to sound financial footing.

In the meantime, NAPS encourages Congress and the White House to consider other options such as Senator Tom Harkin's *Strengthening Social Security Act of 2013* (S. 567). Senator Harkin's proposal establishes a price index that more accurately reflects the reality faced by America's retirees by computing medical care and housing expenses into COLA calculations.

Contact:
Seth M. Lennon
naps.sl@naps.org
1727 King St, Suite 400
Alexandria, VA 22314
(703) 836-9660

###