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**Congress Should Lay Off the COLA
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Today, the Social Security Administration announced that, in light of the deflation experienced over the past year, there will be no cost-of-living adjustment (COLA) for Social Security benefits in 2010. The Committee for a Responsible Federal Budget strongly warns policymakers to resist calls for an “ad-hoc” COLA.

“Prices have fallen substantially since last year’s 5.8 percent COLA was announced,” explained Maya MacGuineas, president of the Committee for a Responsible Federal Budget. “Even holding Social Security benefits steady means they will have increased in value. There is no economic or moral justification for increasing them further.”

This year marks the first without a COLA since automatic indexing began in 1975. Due to the combination of a large temporary spike in energy prices before last year’s COLA was calculated and deflationary pressures from the recession, prices are not projected to reach last year’s levels until mid-2011, after which COLA payments will resume.

In light of this, many groups have called on Congress to step in to provide seniors with the COLAs they have come to expect. In September alone, lawmakers introduced four such bills to directly or indirectly increase these payments.

“This is pure political pandering,” said MacGuineas. “COLAs are meant to maintain buying power, not increase it. With Social Security facing large deficits, and on an unsustainable long-term path, we shouldn’t be talking about broad-based benefit increases – and certainly not under the guise of some type of correction.”

“Instead of pandering to current retirees, we should be talking about how to bring the Social Security system into balance, so that it is sustainable for current and future generations alike.”