



April 9, 2018

Dear Member:

AARP is writing to express our opposition to a balanced budget amendment to the Constitution of the United States. AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment.

A balanced budget amendment would likely harm Social Security and Medicare, subjecting both programs to potentially deep cuts without regard to the impact on the health and financial security of individuals. It would also likely diminish the resources available for programs assisting Americans who are least able to provide for themselves – services such as meals or heating for those who are too poor or physically unable to take care of their basic needs without some support.

A balanced budget amendment would prohibit outlays for a fiscal year from exceeding total receipts for that fiscal year. It would impose a constitutional cap on all spending that is equivalent to the revenues raised in any given year. Because revenues fluctuate based on many factors, spending would, out of necessity fluctuate as well under a balanced budget amendment. Consequently, Social Security and Medicare benefits would also fluctuate, potentially subjecting each to sudden or deep cuts. Social Security and Medicare would therefore cease to provide a predictable source of financial and health security in retirement under a balanced budget amendment.

The lack of a dependable Social Security and Medicare benefit would be devastating for millions of Americans. Social Security is currently the principal source of income for half of older American households receiving benefits, and roughly one in five households depend on Social Security benefits for nearly all (90 percent or more) of their income. Over 50 million Americans depend on Medicare, half of whom have incomes of less than \$24,150. Even small fluctuations in premiums and cost sharing would have a significant impact on the personal finances of older and disabled Americans.

Individuals who have contributed their entire working lives to earn a predictable benefit during their retirement would find that their retirement income and health care out of pocket costs would vary significantly year-to-year, making planning difficult and peace of mind impossible.

It is particularly inappropriate to subject Social Security to a balanced budget amendment given that Social Security is an off-budget program that is separately funded through its own revenue stream, including significant trust fund reserves to finance benefits. Imposing a cap on Social Security outlays is unjustifiable, especially when the Social Security trust funds ran a surplus for decades – reducing the past need for additional government borrowing from the public -- and resulted in a public debt that is less today than what it otherwise would have been.

Older Americans truly understand that budgets matter and that we all need to live within our means. However, they also understand that budgets affect real people; and they certainly understand the difference between programs to which they have contributed and earned over the course of a lifetime of work, and those they have not. AARP opposes the adoption of a balanced budget amendment that puts Social Security and Medicare at risk. If you have any questions, please have your staff contact Joyce A. Rogers, SVP, Government Affairs office at 202-434-3750.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy LeaMond". The signature is fluid and cursive, with a large initial "N" and "L".

Nancy LeaMond
Executive Vice President and Chief Advocacy and Engagement Officer