

0026062072

January 18, 1990

██████████  
Rural Route #1  
Cuba, Kansas 66940

Dear ██████████:

Thank you for your letter concerning the drought relief program.

The drought relief package, which I supported, was enacted with the interests of the small producer as top priority. These are the operators who are most adversely affected by such a disaster. The bill included an income cap, whereby large producers whose income exceeds a certain amount are ineligible to receive any relief. In effect, the bill directs aid toward the producers whose livelihood and economic survival are most endangered by the drought.

Your concern about the social security "notch" whereby workers reaching age 65 in 1982 or later may receive lower benefits than those reaching 65 in 1981 is understandable. The social security system was first indexed to protect beneficiaries from the effects of inflation in 1972. Unfortunately, the legislation enacting this change was technically flawed and actually over-adjusted for inflation. The rapid inflation of the 1970's compounded this mistake and led to a largely unintended rise in social security benefits paid to people when they initially retired.

The "notch" results from the decision made by the Carter Administration and Congress in 1977 to provide a new system of inflation computations to adjust benefits for inflation. I disagreed with many provisions of this legislation and, as the record shows, I voted against it. Nevertheless, this system is now fully effective for people who attain the age of 65 in 1982 and later.

Although special provisions were included to help smooth the transition from the old system to the new system, certain workers attaining age 65 in 1982 or later will get lower benefits than those who attained age 65 in 1981. This is not because of any penalties imposed on those born between 1917 and 1921, but

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because people who were born earlier are covered under the old law and, therefore, are still benefiting from the old system's over-adjustments for inflation. Also, it is important to note that the people in the 5-year transition group are not treated less favorably than those who will retire in the future under the new system. A "transitional guarantee" in the law provides that they receive at least what would be computed under the new system.

The General Accounting Office completed an exhaustive study on the "notch issue" which offers important guidelines and analysis for further Congressional consideration. GAO confirmed that "social security retirees born just before 1917 generally receive higher benefits than those born in 1917 and after;" but that "notch babies" usually receive more benefits - and never less - than those born after them. The report cautioned that "solutions that would draw money from the trust fund to increase benefits to the notch group could jeopardize the short-run financial condition of the system and its ability to finance the coming retirement of the 'Baby Boom' generation."

Furthermore, Senator Moynihan and I requested the National Academy of Social Insurance to examine the social security notch issue. Their report, which was recently completed, included a recommendation that Congress take no further action. The report states that "since the 'notch' arises because the benefits of some of those born prior to 1917 are higher than was intended, there is no reasonable basis for reducing the 'notch' by raising the benefits of those born later. Nor is it desirable to reduce the benefits of those already receiving them and counting on their continuation." Given the recommendations included in both of these reports, I believe it is unlikely that Congress will take any further action at this time.

Thank you again for taking the time to write and share your views.

Sincerely,

BOB DOLE  
United States Senate

BD/bf



Dear Sen. Dole:

I am 72 years old and always a democrat until about a year ago I changed to republican, I also still farm 260 a. recently I read four articles on the drought relief you so strongly proposed, I can't understand why you and lot of other politicians keep coming up with programs that make most farmers greedy, most of all farm programs are supposed to benefit the smaller farmer, but all they do is encourage the big farmers to get bigger and get rid of the likes of me. Also my wife and myself are born in the 'notch' years, but I have yet to read or hear anything where you would try to do something about this injustice, I think your all waiting till most of us pass on

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