

**NINETY-SIXTH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
Charlotte, North Carolina
August 26, 27, 28, 2014**

Resolution No. 291: Oppose Lowering of Cost-of-Living Adjustments

Origin: Pennsylvania

Submitted by: Convention Committee on Veterans Affairs & Rehabilitation

WHEREAS, The American Legion, since its inception, has promoted improvements in the earned benefits of the nation's military retirees and veterans; and

WHEREAS, These Department of Veterans Affairs (VA) benefits were earned through a veteran's selfless service during wartime; and

WHEREAS, The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services; and

WHEREAS, The CPI for all Urban Consumers (CPI-U) is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed, and retired people; and

WHEREAS, Military retirees, veterans receiving Social Security benefits and certain VA beneficiaries receive an annual cost-of-living adjustment (COLA) based on the CPI-U calculation; and

WHEREAS, The Chained Consumer Price Index (C-CPI-U) uses a formula that reflects the effect of substitution that consumers make in response to changes in relative prices; and

WHEREAS, The C-CPI-U would result in a lower COLA than one based on the current CPI-U; and

WHEREAS, There is current dialogue among lawmakers to consider switching future COLA calculations from the current CPI-U to the C-CPI-U; and

WHEREAS, The Congressional Budget Office estimates that switching to the C-CPI-U instead of the CPI-U for calculations of future COLAs would save the U.S. Treasury \$208 billion (by reducing VA benefits and civilian and military retirement pay by approximately \$24 billion and Social Security benefits by \$112 billion) over 10 years; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Charlotte, North Carolina, August 26, 27, 28, 2014, That The American Legion expresses strong opposition to using any Consumer Price Index that would reduce the annual cost-of-living adjustment for military retirees, veterans receiving Social Security benefits or Department of Veterans Affairs beneficiaries.