



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

August 1, 2018

The Honorable Virginia Foxx
Chairwoman
Committee on Education and the Workforce
House of Representatives

The Honorable Tim Walberg
Chairman
Subcommittee on Health, Employment, Labor, and Pensions
Committee on Education and the Workforce
House of Representatives

Subject: Cost of Living for Older Americans

This letter confirms our commitment to examine alternatives to the CPI-W to measure cost of living for seniors on the basis of your letter of May 10, 2018 to the Comptroller General. As discussed with your staff on July 17, 2018, we plan to complete our work and send a draft product to the agencies for comment in December 2018. The enclosure sets forth the key aspects of the engagement.

We look forward to working with you and your staff on this engagement. If you have questions, you may contact me on (202) 512-7036 or JeszeckC@gao.gov. You may also contact the Assistant Director, Michael Collins, on (202) 512-9728 or CollinsMJ@gao.gov.

A handwritten signature in black ink, reading "Charles Jeszeck".

Charles Jeszeck
Director
Education, Workforce
and Income Security Issues

Enclosure

Terms of Work

Objectives/Key Questions

This engagement seeks to better understand the effects of various price indexes on seniors' retirement security. Specifically, we will address the following question:

1. What alternatives to the CPI-W are available for measuring cost of living for seniors in the U.S. and what are the benefits and disadvantages of these alternatives?

Scope and Methodology

To conduct the work, we will review relevant federal publications, which we will identify by interviewing agency officials and searching agency websites. Relevant agencies include the Department of Labor, Department of the Treasury, Social Security Administration, Congressional Budget Office, and Congressional Research Service. We will also conduct interviews with agency officials, such as the authors of the publications we reviewed. We may not describe the universe of publications nor the universe of alternatives to the CPI-W. For hypothetical beneficiaries, we will calculate select federal benefits that would have been received had various alternatives been used to calculate the cost of living adjustments instead of the CPI-W. The hypothetical beneficiary calculations will not be generalizable, but they will shed light on the effects of using various alternatives for different types of beneficiaries.

The work will be done in accordance with generally accepted government auditing standards.

Reporting on Status of Our Work

We will periodically discuss the status of our work with you and/or your staff. Additionally, we will provide an interim briefing by the end of 2018.

Date to Agency(s) for Comments

After GAO has developed the product's preliminary message, we will provide a specific date when a draft of the product will be sent to the Department of Labor, the Department of the Treasury, and the Social Security Administration for comment. Please notify the engagement team if you wish to receive an informational copy of the report when it is sent to the agency(s) for comment.

Product Issuance Date

Once GAO has received agency(s) comments, we will set a product issuance date and notify you of this date.