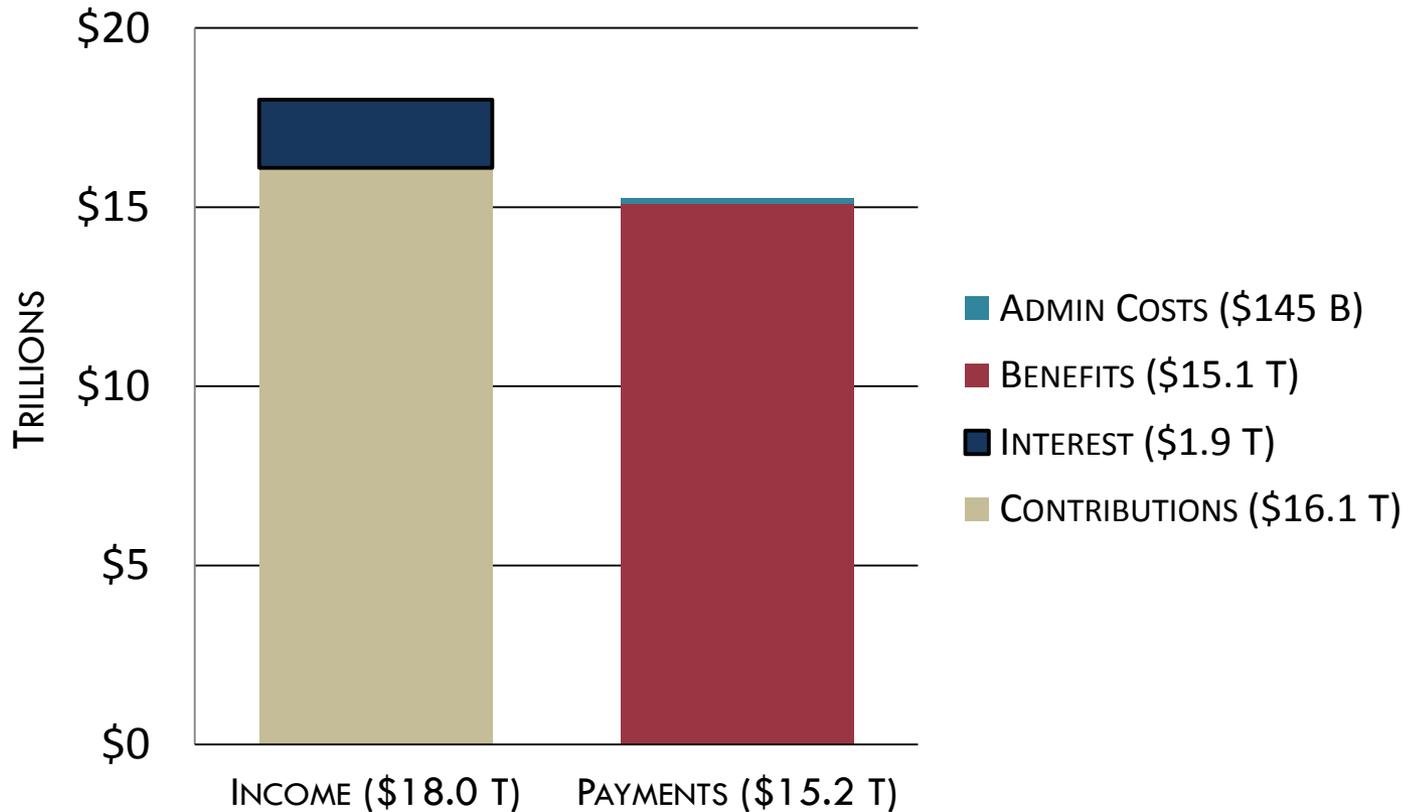


OVER ITS LIFETIME, SOCIAL SECURITY HAS RAISED \$18 TRILLION AND PAID OUT \$15.2 TRILLION.



Source: [Office of the Chief Actuary, Social Security Administration](#)

Note: Totals are from inception of Social Security in 1935 through the end of calendar year 2014.

Prepared by the Democratic Staff of the Committee on Ways and Means
Representative Xavier Becerra, Ranking Member, Subcommittee on Social Security



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February 25, 2015

The Honorable Sam Johnson
Chairman
Subcommittee on Social Security
US House Committee on Ways and Means
Washington, D.C. 20515

The Honorable Xavier Becerra
Ranking Member
Subcommittee on Social Security
US House Committee on Ways and Means
Washington, D.C. 20515

Dear Chairman Johnson and Ranking Member Becerra:

As the largest nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families, we write in advance of the Committee's hearing on the Social Security Disability Insurance program (SSDI) to express our support for Social Security, including its disability insurance component, and our support for rebalancing the assets of the Social Security trust funds to ensure the earned benefits of 11 million disabled Americans and their families are not reduced or put at risk.

AARP recognizes the need to address the long-term funding shortfall facing Social Security, and we stand ready to engage with Congress, our members and other Americans on ways to strengthen Social Security now and in the future. But, we also recognize that, due to an anticipated shortfall in the SSDI Trust Fund, SSDI beneficiaries are at risk of significant benefit cuts as soon as 2016. This is of particular concern to older workers who are most likely to rely more heavily on SSDI than younger workers, in part because of higher rates of chronic illness and disability at older ages. In fact, 7 out of 10 SSDI recipients are over age 50.

Rebalancing assets among the Trust Funds has been commonly used to prevent such cuts, and it has no impact on the long term solvency of the overall Social Security program. Moreover, rebalancing assets in some manner is the only option available that can prevent benefit reductions in 2016.

AARP
Real Possibilities

Income support in the event of a disability is a critical lifeline for millions of American families. Congress wisely added disability insurance protection to the Social Security system in 1956, under President Eisenhower, and has since modified and improved the program many times. It should be noted that since the creation of the SSDI program in 1956, the United States workforce has more than doubled from 62 million to over 165 million workers, and women today represent half of the workforce and almost half of the SSDI beneficiaries. Less than 6% of the workforce is receiving SSDI, which is consistent with expected rates of disability in the population generally.

By law, Social Security maintains two trust funds -- the Old-Age and Survivors Insurance (OASI) and the Disability Insurance (DI) trust funds - and they operate independently. Congress has faced shortfalls in both the OASI and DI trust funds many times in the past and shifted revenues between the two trusts. Most recently, in 1994, Congress rebalanced the allocation of Social Security payroll taxes between the OASI trust and the DI trust, based on the Social Security Administration's estimates that rebalancing would adequately fund SSDI benefits for approximately 20 years. Congress forecast accurately, as the Social Security Trustees estimate that the payroll taxes allocated to the Disability Insurance trust fund will cease being adequate to pay full benefits in late 2016. After that, according to the Social Security Actuaries as of 2014, "[p]rojected revenue from non-interest income specified for the DI program is sufficient to support 80 percent of program cost after trust fund depletion in 2016, increasing slightly to 81% of program cost in 2087." The Trustees most recent letter to OMB Director Shaun Donovan dated February 5, 2015, re-stated and did not change these projections. Congressional Budget Office maintains similar projections.

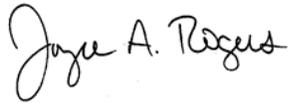
Many experts, including the CBO, have estimated the shortfall is largely due to: 1) general population growth, 2) women's entrance into the labor force and consequent eligibility for SSDI benefits, 3) the increase in the Social Security normal retirement age from 65 to 67, and 4) the aging of the Baby Boom population leading to a higher percentage of older people vulnerable to illness and disability.

One of the most significant challenges facing the SSDI program is the unacceptably long delay in processing applications of disabled workers who have earned the right to their benefits. A large and growing backlog both at the initial claims and appeals level has caused lengthy delays and imposes severe hardships on disabled workers and their families. AARP repeatedly warned the Congress over the past few years that SSA was not receiving funding adequate to meet the increased demand in the administrative workload or to maintain progress on many problems in the processing of disability claims that have existed for many years. We also recognize that enhanced program integrity efforts can improve both initial eligibility approvals and continuing disability reviews. AARP has been among the staunchest advocates requesting program integrity funding; we regret that in recent years that the program has been funded below the levels authorized in the Budget Control Act, reducing the Social Security Administration's ability to maximize integrity efforts.

We believe SSDI program reforms and improvements can be identified that would both improve the fairness of the process for disabled claimants and encourage greater work participation for those who have limited ability to work. We support and will continue to urge that Congress provide adequate resources for the Social Security Administration to conduct timely initial determinations, appeals and continuing disability reviews. But, the highest priority in the near term is to ensure that SSDI beneficiaries -- most of whom are older Americans -- are not put at risk of a 20% benefit cut in the very near future. To prevent any imminent reductions in SSDI benefits, we urge you to rebalance the allocation of Social Security payroll taxes between the OASI trust and the DI trust, as Congress has done with success in the past.

Because of SSDI, millions of disabled Americans are able to live their lives with dignity and support their families. We look forward to continuing to work with you and the other members of the Committee to ensure that all aspects of the Social Security program remain strong for future generations of American workers and their families. If you have any questions, please feel free to call me, or have your staff contact Michele Varnhagen, Senior Legislative Representative, at 202-434-3829.

Sincerely,

A handwritten signature in cursive script that reads "Joyce A. Rogers".

Joyce Rogers
Senior Vice President
Government Affairs

cc: The Honorable Paul Ryan, Chairman, Committee on Ways and Means
The Honorable Sander Levin, Ranking Member, Committee on Ways and Means



Statement of Richard Fiesta, Executive Director, Alliance for Retired Americans

The Alliance for Retired Americans, an organization of more than 4.3 million members, strongly opposes any effort to prevent reallocation of the Social Security Trust Funds. Social Security benefits are earned benefits that ensure all Americans will have a modest income available to them when they retire or in the event that a disability prevents them from working. Our members are united in opposition to efforts that pit one group of beneficiaries against another and are committed to fighting to ensure that these earned benefits are there for all Americans when they need them.

February 25, 2015

The Alliance for Retired Americans is a national organization that advocates for the rights and well-being of over 4.3 million retirees and their families.
www.retiredamericans.org



**Paralyzed Veterans
of America**

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Chartered by the Congress of the United States

Statement for the Record
Of
Paralyzed Veterans of America

To the

House Ways and Means Committee
Subcommittee on Social Security

Concerning the Social Security Trust Fund

February 25, 2015

Paralyzed Veterans of America (PVA) appreciates the opportunity to share with the Subcommittee on Social Security this statement to its hearing on maintaining the disability insurance trust fund's solvency. PVA is the only Congressionally-chartered veterans' service organization devoted solely to representing veterans with spinal cord injury and/or dysfunction. Since 1947, PVA has been a strong advocate for programs and services affecting the quality of life of its members. PVA represents millions of Americans for whom Social Security is a foundation of their economic security.

According to the Social Security Administration, there are about 9.4 million military veterans receiving Social Security benefits. This means that nearly one out of every four adult Social Security beneficiaries has served in the United States military. Millions of men and women who raised their right hand and took the oath to protect democracy also paid into a system that promised them financial support upon reaching retirement age or becoming too disabled to work. Most of these veterans are over age 62 and had served during the Vietnam War or earlier. They served their country and upheld their part of the deal; now it seems our government's part of the transaction may have been written with disappearing ink.

In a rules change adopted on the opening of the 114th Congress, the House of Representatives created new hurdles to fixing the Social Security system and exposed disability insurance benefits to the possibility of a 20 percent reduction in 2016. More than ten times since 1968, it has been necessary for Congress to

adjust the formula allocating payroll taxes between the Old Age, Survivors and Disability Insurance trust funds to keep the overall Social Security system in balance. This has always been done in a bipartisan manner and has kept America's promise to veterans receiving Social Security benefits while sustaining the system for decades. If this simple rebalancing is used again to put the entire Social Security program on an equal footing, benefits will remain payable at least until year 2033. This would provide time for a thorough, thoughtful and much needed discussion about the future of the overall Social Security system, including both solvency and benefit adequacy. Without this reallocation, Social Security disability insurance benefits face the aforementioned 20 percent cut in 2016. However, the House leadership has created a Hobson's choice with its adoption of a rule that states: "We will prevent the 20 percent cut in disability benefits but only if we cut benefits or raise revenues." And the likelihood of the latter action occurring going into the 2016 election year is minimal.

With the country still recovering from an era that saw the terrorist attacks on September 11, 2001 followed by the longest war in its 235-year history, PVA would assume that any benefits that accrue to our nation's veterans, particularly the most vulnerable, are worthy of preservation. Those who volunteer to serve in our military have a right to expect that those Americans they protect will, in turn, afford them some semblance of protection when they need it. Otherwise, military service will not seem as attractive a career option. In World War II, 11.2 percent of the nation served during the four years of war. In Vietnam, 4.3 percent served during the 12 years of war. Since 2001, only 0.45 percent of the American population has served in the wars in Iraq and Afghanistan. Eroding the safety net to which service members contributed is no way to ensure an adequate fighting force for future conflicts.

By rebalancing the Social Security Trust Funds using a simple adjustment in the amount of payroll taxes going into the retirement and survivors and disability trust funds, and doing so without any new taxes or cuts in benefits, Congress can ensure the stability of the system for the next 18 years and the readiness of our military by making service an attractive career option. But if Congress stays on its present course, we may get neither.

We urge Congress to adopt a clean reallocation of payroll taxes between the two Social Security trust funds to avoid a 20 percent reduction in disability benefits in 2016.

We thank you for the opportunity to offer our views for the record and we would be happy to answer any questions the Committee may have.



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

**Statement for the Record
U.S. House of Representatives
Committee on Ways and Means, Subcommittee on Social Security
Hearing on “Maintaining the Disability Insurance Trust Fund’s Solvency”
Wednesday, February 25, 2015**

The undersigned members of the Consortium for Citizens with Disabilities (CCD) submit the following statement for the record of the February 25, 2015 hearing held by the U.S. House of Representatives, Committee on Ways and Means, Subcommittee on Social Security, on “Maintaining the Disability Insurance Trust Fund’s Solvency”.

The CCD is a coalition of national organizations working together to advocate for federal public policy that ensures the self-determination, independence, empowerment, integration, and inclusion of the approximately 57 million children and adults with disabilities in all aspects of society. SSDI’s modest but vital assistance supports these goals for approximately 11 million Americans, helping beneficiaries with disabilities and their families to meet their everyday needs -- keeping a roof over their heads, putting food on the table, paying for out-of-pocket medical and disability-related expenses, and meeting other basic living expenses.

Congress has known for the last two decades that Social Security’s Disability Insurance (DI) fund will need to be replenished by 2016. The need for action now is no surprise, but stems from long-term demographic trends including an aging workforce now in its disability-prone years, and an increase in work by women that has led to an increase in women’s eligibility for Social Security including SSDI based on their own work records.

Reallocation will ensure that SSDI is available to both current and future beneficiaries, including the 7 in 10 SSDI beneficiaries who are age 50 and older. SSDI benefits average just \$38 per day for workers with disabilities. Benefits make up the majority of income for 4 out of 5 beneficiaries and provide the sole source of income for 1 in 3 beneficiaries. The impact of any reduction in benefits could be truly devastating.

Congress needs to act expeditiously, as it has done many times in the past, to reallocate existing payroll taxes between Social Security’s DI and Old-Age and Survivors’ Insurance (OASI) funds. As outlined by Social Security’s actuaries, both trust funds would be able to pay full scheduled benefits through 2033 by temporarily raising the 1.8 percent DI share of the current 12.4 percent Social Security payroll contribution to 2.8 percent in 2015 and 2016, and then gradually reducing it back to 1.8 percent by 2025. Congress has reallocated between Social Security’s funds in this manner about

equally in both directions to keep the system on an even reserve ratio -- 6 times using a narrow definition of reallocation, and 11 times using a broader definition of reallocation. Reallocation does not require any new taxes and will maintain the long-term solvency of the combined Social Security trust funds at 2033, as currently projected.

Reallocation -- without accompanying cuts to Social Security coverage, eligibility, or benefits -- is the common sense, responsible solution that Congress should enact promptly. Such a reallocation is needed to keep Social Security's promise to the more than 165 million Americans who currently contribute to the system and the nearly 11 million Americans who currently receive SSDI benefits.

Maintaining our Social Security system goes far beyond dollars and cents. It is about strengthening economic security and dignity for all Americans. Consideration of any changes to this vital system must include the voices and views of people with disabilities as well as all Americans who may need SSDI in the future.

Sincerely,

ACCSES

American Academy of Pediatrics
American Association of People with Disabilities (AAPD)
American Association on Health and Disability
American Foundation for the Blind (AFB)
American Network for Community Options and Resources
Association of Assistive Technology Act Programs
Association of Jewish Family & Children's Agencies
Association of University Centers on Disabilities (AUCD)
Attention Deficit Disorder Association
Autism National Committee (AutCom)
Autistic Self Advocacy Network (ASAN)
Bazelon Center for Mental Health Law
Brain Injury Association of America
Community Legal Services
Council for Learning Disabilities
CSH
Disability Rights Education & Defense Fund
Easter Seals
Epilepsy Foundation
Goodwill Industries International
Health & Disability Advocates
Jewish Federations of North America
Lupus Foundation of America
Lutheran Services in America Disability Network
National Academy of Elder Law Attorneys (NAELA)
National Alliance on Mental Illness
National Association of Councils on Developmental Disabilities
National Association of Disability Representatives
National Association of School Psychologists

National Association of State Head Injury Administrators
National Council for Behavioral Health
National Council on Aging
National Council on Independent Living
National Disability Rights Network
National Down Syndrome Congress
National Health Law Program
National Industries for the Blind
National Multiple Sclerosis Society
National Organization of Social Security Claimants' Representatives
National Respite Coalition
National Senior Citizens Law Center
Paralyzed Veterans of America
SourceAmerica
Special Needs Alliance
The Arc of the United States
United Cerebral Palsy
United Spinal Association