

Opening Statement of Social Security Subcommittee

Ranking Member Xavier Becerra

Social Security Subcommittee Hearing on Proposals for

Reforming the Disability Insurance Program

Committee on Ways and Means

(Remarks as Prepared)

“Severely disabled American workers have earned the right to receive disability benefits, and they rely on them. One hundred and sixty million Americans contribute to Social Security, earning protection for themselves and their families when they retire, or if they should die or become severely disabled.

“It’s not easy to qualify for Social Security’s disability benefits. Disability Insurance (DI) is only for people who paid into the system. It’s only available to Americans with the most severe impairments – Americans who are dying, or who genuinely can’t earn even a poverty-level wage at any job in the national economy because of a long-term condition.

“Applicants for DI have to show extensive medical documentation of disability to qualify, and Social Security periodically reviews cases for medical improvement after benefits are awarded. Fewer than half of Americans who apply are awarded benefits, even after a lengthy appeals process.

“DI benefits aren’t especially generous: A typical worker receives about \$13,000 a year, which replaces about half the earnings they had when working. But because they are too sick to work at all, the benefits are a lifeline for these Americans and their families. For nearly half of DI recipients, Social Security provides 90 percent or more of their total income.

“The Social Security Disability Insurance Trust Fund’s challenge is modest and stable. Although the Social Security system overall can pay full benefits until 2033, the DI Trust Fund, considered on its own, is projected to be able to pay only about 80 percent of scheduled benefits starting in 2016.

“Fortunately, the DI shortfall is relatively modest: Over the next 75 years, the financing shortfall is equal to about 0.1 percent of GDP – to put it in context that is about 1/8th of the cost of extending the Bush tax cuts for people who earn more than \$250,000 a year. Over the long-term, the DI funding gap is similar to the funding gap for the retirement and survivors program, in proportion to the amount of benefits paid.

“The DI shortfall is not a surprise. When Congress last rebalanced the allocation of payroll taxes going into the two Social Security Trust Funds, it did so knowing that the amount allocated to DI would result in a shortfall in 2016 – the same date as projected in the most recent Trustees Report.

“The recent growth in DI also is not a surprise, since it is due primarily to demographic changes and other predictable factors, in combination with the recession. The biggest factor is demographic: The Baby Boom generation has reached its most disability-prone years. More women have worked long enough to be protected in the event they become severely disabled and can no longer work. Also, Congress raised the retirement age, so people receive DI for more years (and draw upon its separate Trust Fund) before converting to retirement benefits. Finally, the economic downturn has also made it more difficult for people with disabilities to obtain work.

“I do think it’s very important that we operate DI in the most fiscally responsible way. This is why I’m deeply concerned about the appropriations bill passed by Republicans on the Labor, Health and Human Services, and Education Appropriations Subcommittee. It would slash SSA’s funding for continuing disability reviews by two-thirds. According to Social Security’s Chief Actuary, this cut would cost the Social Security Trust Funds between \$5 and \$6 Billion over time. As we work to address the challenge and strengthen DI for the future, we must first do no

harm.

“As we talk about the possible changes to Social Security’s Disability Insurance, we should keep in mind that American workers have paid for their Social Security benefits: Over its lifetime, Social Security has taken in \$15.5 trillion and only paid out \$12.8 trillion, leaving an overall Trust Fund surplus of \$2.7 trillion.

“I look forward to hearing from our witnesses about their ideas for Social Security. I am particularly pleased to welcome Marty Ford, on behalf of the Consortium of Citizens with Disabilities (CCD), to tell us about how changes to DI would affect the real people and families CCD represents. We know the severely disabled workers who receive Social Security already face very serious challenges. Many of them waited a long time to receive their earned benefits. Most of them live on very modest incomes and manage very serious health conditions.

“We also know that those who do not meet the stringent eligibility criteria and are rejected for DI benefits also struggle to work—rejected applicants are much less likely to work than comparable non-applicants. And when they are able to work, their earnings are far lower than the earnings of non-applicants – the median was only \$10,000 a year (in 2000), which is less than a third of what non-applicants earned.

“I am concerned that the experiments some of our witnesses would like to perform could be harmful to those with severe illness or disabilities: They could increase employment discrimination against the disabled, or they might deny or delay earned benefits for those who need them, increasing hardship for already struggling American families. There is little evidence to suggest that people who qualify for DI are, in fact, able to work at any kind of self-supporting level.

“Mr. Chairman, I hope we can work together on a bipartisan basis to strengthen DI, always applying the test that we should first, do no harm.”