One Social Security Act (H.R. 3150)

Frequently Asked Questions

Q. What is the purpose of the One Social Security Act?

A. The One Social Security Act would prevent a sudden, arbitrary 19 percent cut to earned Social Security benefits for Americans who receive Social Security because of a disability. If Congress does not act, in late 2016, Social Security monthly payments to 11 million current recipients will be cut by 19 percent.

Q. How does the One Social Security Act prevent the benefit cut?

A. The bill prevents the benefit cut by merging the two existing trust funds under Social Security into one unified Social Security Trust Fund, thus allowing Social Security to use the reserves all Social Security beneficiaries helped build up to pay earned benefits in full. More information on the bill is here.

Q. Is fraud one of the reasons that Social Security recipients are in danger of arbitrary benefit cuts?

A. No. Like any sizeable public or private sector system, Social Security is the target of both fraud schemes and cyber-attacks. The Social Security Administration has tight controls in place to detect and prevent fraud and abuse, and as a result, Social Security's *overpayment* rate (which includes fraud but mostly consists of honest errors) amounts to less than half of one percent of all its payments. And the threat of fraud is not limited to Social Security's disability program – for example, Social Security has to be vigilant about identity theft and cybercriminals who divert direct deposits from seniors' bank accounts.

In 2014, Social Security paid benefits to over 55,000,000 Americans; a total of 1,300 Americans were convicted of Social Security fraud. But even one case of Social Security fraud is too much, which is why I and my colleagues have proposed have proposed comprehensive legislation (H.R. 1419) to prevent Social Security fraud and errors.

Q. I thought Social Security could pay full benefits through 2034. What is happening in 2016?

A. Social Security currently has an overall surplus of $2.8 trillion, enough to pay 100 percent of all earned Social Security benefits through 2034. The surplus was generated by the contributions of American workers, who contribute to Social Security with each paycheck and earn 3-way, all-in-one protection: survivor insurance, disability insurance, and retirement insurance.

However, a 1956 law requires the federal government to distribute worker contributions between two separate funds within Social Security: one that pays benefits triggered by retirement or the death of a worker, and one that pays benefits triggered by a severe, work-ending injury or illness. For this reason, the legally-separate Disability Insurance (DI) fund can't access Social Security's overall $2.8 trillion surplus, even though disabled workers contributed to it. Unless Congress takes action, as it has a number of times in the past, the funds allocated to the DI fund will not be enough to pay all earned benefits, and Social Security will be forced to reduce benefits for 11 million Americans by 19 percent.

Q. Will the One Social Security Act increase the size of Social Security's projected shortfall or reduce Social Security's solvency?

A. No. Social Security's Trustees currently project that Social Security as a whole will be fully solvent and able to pay 100% of earned benefits until 2034. The One Social Security Act would not affect that date. By contrast, forcing Social Security benefit cuts in 2016 for the 11 million Americans currently receiving Social Security because of a disability, by not allowing some of the $2.8 trillion Social Security surplus to help pay for those benefits, would have little benefit for retirees or surviving spouses and children. It would only extend solvency for the Old-Age and Survivors Insurance Trust Fund (OASI) by a single year, to 2035.

Q. Is Social Security Disability Insurance (SSDI) separate from the rest of Social Security?

A. No. Workers make one contribution to Social Security with each paycheck, and that contribution comprehensively insures them (1) in the event of premature death; (2) in the event of a severe, career-ending disability; and (3) when they reach retirement. Congress created Social Security in 1935 to protect older Americans from poverty in retirement and then spent the next several decades expanding and improving it to add needed protections against economic calamity – first for survivors and family members, and later, in the 1950s, to protect Americans who suffered a work-ending injury or illness.

Q. Who receives Social Security on the basis of disability?

A. Only Americans who worked for many years and contributed to Social Security are eligible to receive the insurance payments, and then, only if they can provide substantial medical evidence that a severe illness or disability prevents them from doing any job in the national economy. The average disabled Social Security beneficiary worked and paid into Social Security for 22 years. Many are so sick they do not live long enough to reach retirement age and collect the retirement benefits they earned.

Q. If SSDI is part of Social Security's unified package of protection, why does it have a separate trust fund?

A. In 1956, when disability insurance was added to Social Security, the Senate adopted an amendment on the Floor to set up an additional trust fund to pay benefits to disabled workers and their families, rather than adding it to Social Security's existing trust fund, as Congress did in 1939 when it added survivor insurance to Social Security. When Congress added disability protection, actuaries had limited experience estimating the cost of disability insurance. The creation of a second trust fund within Social Security was intended to be a way for Congress to monitor the cost of the new benefits. The three insurance protections which workers pay for through their paycheck contributions are all funded by trust funds within Social Security.

Q. Is a separate trust fund still needed?

A. No. We have now had over a half-century of experience with Social Security disability insurance. In fact, as far back as 1979, the bipartisan Advisory Council on Social Security – a distinguished federal advisory panel that was charged with making recommendations to Congress on all aspects of Social Security – found that there was "no longer a need" for separate trust funds. The Advisory Council concluded that the dual trust fund system is "cumbersome and can cause needless public worry about the financial integrity of the Social Security system."

Q. Would Congress still be able to monitor the cost of SSDI if Social Security had one trust fund?

A. Yes. In fact, under the One Social Security Act, Congress would be better able to closely monitor the costs of Social Security's benefits. The bill sets forth a new requirement that the annual Trustees Report include an actuarial analysis with respect to benefit costs for disability, for retirement, and for survivors. In this way, Congress can oversee all aspects of Social Security, without artificial boundaries set by trust funds established over 50 years ago.

Q. Would retirees be harmed if we use the overall Social Security surplus to prevent benefit cuts?

A. No. All current Social Security beneficiaries contributed to both current-law trust funds and earned all Social Security benefits (survivor, retirement, disability) for which they qualify. For this reason, senior citizen member groups like AARP and the National Committee to Preserve Social Security and Medicare support letting Social Security use its available surplus to prevent benefit cuts.

Q. How much of Social Security's Trust Fund reserve is needed to completely prevent the 2016 benefit cuts?

A. In order to prevent the benefit cut, Social Security will need to use about 17 percent of the funds it is projected to accumulate in its reserves. Those who receive Social Security for a disability, who are about 18 percent of total Social Security recipients, helped build up the reserve, just like other American workers. All it will take to pay them the benefits they earned is their fair share of the trust fund reserves.

Q. How does this compare to the President's budget proposal to reallocate taxes between the two accounting funds?

A. Both proposals would ensure that disabled workers and their families receive the benefits they earned, on time and in full. They are simply different mechanisms. Merging the trust funds has the advantage of permanently preventing this kind of crisis point, when Congress can play politics with Americans' earned benefits.

Q. Why is the DI trust fund projected to face difficulties in 2016?

A. Since the start of Social Security in 1935, Congress has made adjustments to the system, as part of its continuing stewardship. This includes periodically fine-tuning the balance between the OASI and DI funds – sometimes shoring up the disability fund, sometimes shoring up the retirement and survivors fund. The last time it did so, in 1994, Congress provided an allocation that was expected to be sufficient until about 2016. As it turns out, that is exactly what has happened.

Q. Why has the number of Americans receiving Social Security on the basis of disability grown since the 1970s?

A. According to Social Security's Chief Actuary, demographic shifts are the biggest reasons for the growth in SSDI. In addition, the size of the U.S. population as a whole has grown since the 1970's. Two demographic shifts, in particular, stand out. First, the large Baby Boom generation is aging and has entered its most disability-prone years. (However, we should also note that as Baby Boomers continue to age and shift from SSDI to Social Security retirement benefits, SSDI's share of total Social Security expenditures is projected to shrink.) Second, since the 1970s there has been a dramatic increase in the number of women in the workforce. This means that more women are paying into Social Security (increasing its trust fund reserves) – and they receive Social Security's insurance protections if they become disabled. This shift has increased Social Security's overall revenue (and contributed to its $2.8 trillion reserve), but has also increased the number of Americans receiving benefits. The increase in Social Security's retirement age, which Congress enacted in 1983 and is now being phased-in, also affected the size of SSDI. About 5 percent of current SSDI recipients would be receiving retirement benefits (funded by the OASI Trust Fund) had the retirement age not been increased. Finally, the severe economic downturn also increased the size of SSDI. In a tight job market, people with disabilities who lose their jobs have a harder time finding another employer that will accommodate their disability, and some qualify for SSDI. However, this effect is fading as the economy improves.

Q. Isn't this an opportunity to address other Social Security challenges (long-term financing, declining retirement security for seniors, etc,)?

A. The immediate threat of a 19 percent cut in earned benefits should not be a bargaining chip to force unpopular or controversial changes to Social Security that can't stand on their own merits, and 11 million Americans shouldn't have to wait and worry about their earned benefits while Congress debates unrelated issues.

Acting now to adopt a clean bill to pay Americans their full, earned benefits doesn't prevent Congress from considering and enacting other changes or improvements to Social Security. If anything, quick, bipartisan action to would demonstrate Congress's commitment to protecting earned benefits, which would make it easier to tackle other, more complicated policy challenges.