

# ***ADVISORY***

## **FROM THE COMMITTEE ON WAYS AND MEANS**

### **SUBCOMMITTEE ON SOCIAL SECURITY**

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-9263

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#### **Chairman Johnson Announces Hearing on the Financing Challenges Facing the Social Security Disability Insurance Program**

U.S. Congressman Sam Johnson (R-TX), Chairman of the House Committee on Ways and Means Subcommittee on Social Security, today announced a hearing on the financing challenges facing the Social Security Disability Insurance program. **The hearing will take place on Thursday, March 7, 2013, in B-318 Rayburn House Office Building, beginning at 9:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Subcommittee and for inclusion in the printed record of the hearing.

#### **BACKGROUND**

The Social Security Act Amendments of 1956 (P.L. 84-880) created the Social Security Disability Insurance (DI) program to provide protection against economic insecurity resulting from the loss of earnings due to a disability. The DI program pays benefits to those who have worked in the past but are determined unable to work because of a disability that is expected to last more than a year or result in death. In December 2012, the average DI benefit was \$1,130 a month, or about \$13,500 a year.

According to the Congressional Budget Office (CBO), between calendar years (CY) 1970 and 2012, the number of people paying into the system has increased 72 percent, but those receiving disability benefits (both disabled workers and their dependent family members) has increased by over 300 percent from 2.7 million to over 10.9 million. Total DI benefit outlays are estimated to have reached \$135.1 billion in FY 2012. By CY 2023, CBO projects that the number of beneficiaries will exceed 12.3 million and total annual benefits paid in FY 2023 will reach over \$213 billion.

In its *Budget and Economic Outlook: Fiscal Years 2013 to 2023*, CBO also projects that for the 10-year period ending FY 2023, DI cumulative cash flow deficits will reach \$416 billion. Since 2005, in order to pay full benefits, the DI program has been redeeming the U.S. Treasury securities credited to the DI Trust Fund. CBO has projected that the U.S. Treasury securities credited to the DI Trust Fund will reach a zero balance by 2016. The Social Security trustees also project a 2016 exhaustion date for the DI Trust Fund. At that time, DI program revenues will only be able to finance 79 percent of benefits, unless Congress acts.

According to its July 2012 *Policy Options for the Social Security Disability Program* report, CBO attributes the significant growth in the number of beneficiaries to the predictable consequences of both demographic factors and policy decisions. The working age population has grown and more women have worked enough to be insured for benefits, boosting the number of people eligible for DI benefits. The aging of the baby boom generation into their most-disability-prone years has led to an increase in the number of people entering the DI program. The rise in the retirement age has also increased the number of individuals receiving disability benefits, as have economic recessions. Medical advances that have created better health outcomes have increased the amount of time that someone may receive benefits from the DI program. Finally, policymakers have also played a role by expanding the ways applicants can qualify for benefits which have affected the size of the program.

In announcing the hearing, Social Security Subcommittee Chairman Sam Johnson (R-TX) said, **“Disabilities can have a devastating effect on workers and their families. Disability benefits provide vital income during times of uncertainty. We already know the disability program’s broken process makes people wait too long and that decisions can depend more on who is making the decision than what is the right decision. Even worse, in just three years disability beneficiaries will face a 21 percent benefit cut, if Congress doesn’t act. We must get serious and fix this program.”**

## **FOCUS OF THE HEARING**

The hearing will focus on the financing challenges facing the DI program, including why the number of program participants and benefit costs have grown so rapidly. The hearing will also examine future trends, as well as underlying assumptions about the DI program, including entry on and exit from the disability rolls, the capacity for work of people with disabilities, and how total government spending is impacted by DI beneficiaries.

## **DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online

instructions, submit all requested information. ATTACH your submission as a Word or WordPerfect document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, March 21, 2013**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721 or (202) 225-3625.

#### **FORMATTING REQUIREMENTS:**

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word or WordPerfect format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days' notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.

