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# The Social Security Disability Insurance (DI) Trust Fund: Background and Current Status

Updated January 19, 2016

**Congressional Research Service**
https://crsreports.congress.gov
R43318

**CRS REPORT**
Prepared for Members and
Committees of Congress

# Summary

Social Security Disability Insurance (SSDI) provides benefits to nonelderly workers and their eligible dependents if the worker paid Social Security taxes for a certain number of years and is unable to perform substantial work due to a qualifying impairment. As in Old-Age and Survivors Insurance (OASI)—the retirement component of Social Security—benefits are based on a worker's past earnings in covered employment. In December 2014, SSDI provided disability insurance coverage to more than 151 million people and paid benefits to about 9 million disabled workers and 2 million of their spouses and children.

Benefits and administrative costs for SSDI and OASI are financed primarily by dedicated payroll and self-employment taxes levied on the earnings of covered workers, which are deposited in the Federal Disability Insurance (DI) Trust Fund and the Federal Old-Age and Survivors Insurance (OASI) Trust Fund, respectively. The combined Social Security tax on earnings is 12.40%, which is split equally between workers and employers (6.20% each). Of that amount, 2.37% is allocated to the DI trust fund and 10.03% is allocated to the OASI trust fund. Each trust fund is a legally distinct account in the U.S. Treasury, and under current law, the two trust funds may not borrow from one another.

Over the past few years, Congress has grown increasingly concerned with the financial outlook of the DI trust fund. Cost has exceeded total income since 2009, causing the balance of the DI trust fund to shrink. In their July 2015 report, the Social Security trustees projected that the DI trust fund would be depleted in the fourth quarter of calendar year 2016. Upon depletion of its asset reserves, the DI trust fund was projected to have enough ongoing revenues to pay only about 80% of scheduled benefits. The trustees projected that the OASI trust fund would be depleted in 2035.

The Social Security Act provides no guidance on the payment of benefits once a trust fund's asset reserves have been depleted and current tax revenues are insufficient to meet current cost. Although individuals who meet Social Security's eligibility requirements are legally entitled to disability benefits, a provision in the Antideficiency Act prohibits a federal agency from spending in excess of available funds. Because the Social Security Act stipulates that SSDI benefit payments shall be made only from the DI trust fund, without a change in the law, monthly cash payments to beneficiaries could be delayed or reduced if the DI trust fund were depleted.

The decreasing solvency of the DI trust fund is the result of an increasing imbalance between the fund's income and cost. Over the past 20 years, tax revenues to the DI trust fund have remained relatively flat as a percentage of taxable payroll, whereas cost as a share of taxable payroll has grown markedly. The increase in cost stems largely from the growth in the number of beneficiaries in the program. Between 1995 and 2014, the number of disabled workers and their dependents in receipt of SSDI grew 85%, from 5.9 million to 10.9 million. Because benefit payments account for nearly all program spending, the growth in the SSDI rolls has contributed heavily to the financial difficulties of the DI trust fund.

On November 2, 2015, President Barack Obama signed into law the Bipartisan Budget Act of 2015 (H.R. 1314; P.L. 114-74). Among its many provisions, the act authorized a temporary reallocation of the Social Security payroll tax rate between the OASI and DI trust funds to provide DI with a larger share for 2016 through 2018. Specifically, the DI trust fund's share of the combined tax rate increased by 0.57 percentage point at the beginning of 2016, from 1.80% to 2.37%. Because the act did not change the combined payroll tax rate of 12.40%, the portion of the tax rate allocated to OASI *decreased* by a corresponding amount. This means that OASI's share of the combined tax rate declined by 0.57 percentage point at the start of 2016, from 10.60% to

10.03%. For 2019 and later, the shares allocated to the DI and OASI trust funds are scheduled to return to their 2015 levels (i.e., 1.80% to the DI trust fund and 10.60% to the OASI trust fund).

The Social Security Administration's Office of the Chief Actuary (OACT) projects that the reallocation will extend the solvency of the DI trust fund from the fourth quarter of 2016 to the third quarter of 2022. Although the reallocation will reduce the solvency of the OASI trust fund slightly, OACT estimates that the *depletion year* for OASI will remain unchanged at 2035.

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# Introduction

Lawmakers and the public have expressed increasing concern over the solvency of the Disability Insurance (DI) trust fund, from which Social Security Disability Insurance (SSDI) benefits are paid.[1] Until recently, the DI trust fund was projected to be depleted in the fourth quarter of calendar year 2016, at which time ongoing revenues to the DI trust fund were projected to be sufficient to pay only about 80% of scheduled benefits.[2] In November 2015, the Bipartisan Budget Act of 2015 (H.R. 1314; P.L. 114-74) extended the projected solvency of the DI trust fund by authorizing a reallocation of the Social Security payroll tax rate between the DI and the Old-Age and Survivors Insurance (OASI) trust funds to provide DI with a larger share. Although the reallocation averted a potential benefit cut in late 2016, without additional legislative action (i.e., revenue increases, cost reductions, or some combination thereof), the DI trust fund is projected to be unable to pay scheduled benefits in full and on a timely basis by the early 2020s.

This report provides an overview of the DI trust fund and its current financial outlook. It begins with background information on the SSDI program and the financing of the Social Security trust funds. Next, the report examines the financial status of the DI trust fund over the past 20 years and the causes of the DI trust fund's financial imbalance. It then discusses the projected status of the DI trust fund under prior law and under the Bipartisan Budget Act of 2015. Lastly, the report provides background information on the use of reallocations by Congress in the past, as well as on a House rules change in the 114th Congress concerning payroll tax reallocations. The appendix of the report provides a congressional rationale for the creation of a separate DI trust fund as part of the Social Security Amendments of 1956 (P.L. 84-880).

# Background on SSDI

Enacted in 1956 under Title II of the Social Security Act, SSDI is part of the Old-Age, Survivors, and Disability Insurance (OASDI) program, more commonly known as Social Security. As in OASI—the retirement component of Social Security—SSDI is a form of social insurance that replaces a portion of a worker's income based on the individual's work history and career-average earnings in covered employment.[3] Specifically, SSDI provides benefits to nonelderly insured workers who meet the statutory definition of disability and to their eligible dependents. In November 2015, the Social Security Administration (SSA) paid benefits to more than 10.8

[1] For example, see U.S. Congress, House Committee on Ways and Means, Subcommittee on Social Security, *First in a Hearing Series on Securing the Future of the Social Security Disability Insurance Program*, 112th Cong., 1st sess., December 2, 2011, H.Hrg. 112-SS11 (Washington: GPO, 2012), pp. 4-5, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg76319/pdf/CHRG-112hhrg76319.pdf. See also U.S. Congress, Senate Committee on Finance, *Social Security: A Fresh Look at Workers' Disability Insurance*, 113th Cong., 2nd sess., July 24, 2014, S.Hrg. 113-532 (Washington: GPO, 2015), p. 3, http://www.gpo.gov/fdsys/pkg/CHRG-113shrg92646/pdf/CHRG-113shrg92646.pdf. In addition, see U.S. Congress, Senate Committee on the Budget, *The Coming Crisis: Social Security Disability Trust Fund Insolvency*, 114th Cong., 1st sess., February 11, 2015, http://www.budget.senate.gov/republican/public/index.cfm/hearing-schedule?ID=ffb8d0f9-c572-47ee-9165-f5ae4317e82c.

[2] U.S. Congress, House Committee on Ways and Means, *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, 114th Cong., 1st sess., July 22, 2015, H.Doc. 114-51 (Washington: GPO, 2015), http://www.ssa.gov/oact/tr/2015/index.html (hereinafter "2015 Social Security Trustees Report"). Projections based on the trustees' 2015 intermediate assumptions.

[3] For more information on Old-Age and Survivors Insurance (OASI), see CRS Report R42035, *Social Security Primer*, by Dawn Nuschler. For more information on the concept of *social insurance*, see Larry DeWitt, "The Development of Social Security in America," *Social Security Bulletin*, vol. 70, no. 3 (August 2010), http://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p1.html.

million SSDI recipients, including 8.9 million disabled workers, 142,000 spouses of disabled workers, and 1.8 million children of disabled workers.[4]

## Eligibility

To qualify for SSDI, workers must be (1) under the full retirement age (FRA), (2) insured in the event of disability, and (3) statutorily disabled. The FRA is the age at which unreduced Social Security retirement benefits are first payable, which is currently 66.[5] To achieve insured status, individuals must have worked in covered employment for about a quarter of their adult lives before they became disabled and for at least 5 years of the 10 years immediately before the onset of disability.[6] However, younger workers may qualify with less work experience based on their age. In 2014, SSDI provided disability insurance coverage to more than 151 million nonelderly workers.[7]

To meet the statutory definition of disability, an insured worker must be unable to engage in any *substantial gainful activity* (SGA) by reason of any medically determinable physical or mental impairment that is expected to last for at least one year or result in death.[8] In 2016, the SGA earnings limit is $1,130 per month for most workers and $1,820 per month for statutorily blind workers.[9] Disability determinations are based on a five-step sequential evaluation process that takes into account a worker's medical records, age, education, and work experience. In general, workers must have a severe impairment (or combination of impairments) that prevents them from performing any kind of substantial work that exists in the national economy in significant numbers.[10]

## Benefits

Cash benefits begin five full months after a beneficiary's disability onset date.[11] Initial benefits are based on a worker's career-average earnings, indexed to reflect changes in national wage levels.[12] Benefits are subsequently adjusted to account for inflation through cost-of-living adjustments (COLAs), as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).[13] Monthly benefits payable to the worker and family members are

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[4] Social Security Administration (SSA), "Monthly Statistical Snapshot, November 2015," December 2015, Table 2, http://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/ (hereinafter "SSA Monthly Statistical Snapshot").

[5] See CRS Report R41962, *The Social Security Retirement Age: In Brief*, by Gary Sidor.

[6] For more information on Social Security Disability Insurance (SSDI), see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by William R. Morton.

[7] SSA, Office of the Chief Actuary (OACT), "Disabled Insured Workers," http://www.ssa.gov/OACT/STATS/table4c2DI.html.

[8] 42 U.S.C. §423(d)(1). See also 20 C.F.R. §§404.1504-1511.

[9] SSA, OACT, "Substantial Gainful Activity," http://www.ssa.gov/oact/cola/sga.html.

[10] An impairment (or combination of impairments) is considered *severe* if it significantly limits an individual's physical or mental ability to do basic work activities. For more information, see SSA, Program Operations Manual System (POMS), "DI 24505.001 Individual Must Have a Medically Determinable Severe Impairment," August 9, 2012, http://policy.ssa.gov/poms.nsf/lnx/0424505001.

[11] For additional information on the five-month waiting period, see CRS Report RS22220, *Social Security Disability Insurance (SSDI): The Five-Month Waiting Period for Benefits*, by William R. Morton.

[12] See CRS Report R43542, *How Social Security Benefits Are Computed: In Brief*, by Katelin P. Isaacs.

[13] See CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*, by Gary Sidor.

subject to a maximum family benefit amount.[14] Benefits may be offset if the disabled worker also receives workers' compensation or certain other public disability benefits.[15] In November 2015, the average monthly benefit was $1,166 for disabled workers, $318 for spouses of disabled workers, and $350 for children of disabled workers.[16]

In addition to cash benefits, disabled workers and certain dependents are eligible for health care coverage under Medicare after 24 months of entitlement to cash benefits (typically 29 months after the onset of disability).[17] In 2012, Medicare spending per disabled beneficiary averaged about $9,900.[18] Generally, disabled workers retain their benefits as long as they (1) are under the FRA, (2) exhibit no substantial medical improvement, and (3) have average monthly earnings at or below the SGA limit.

# The Social Security Trust Funds

Although Social Security is often viewed as a single program, its financing comes from two legally distinct sources known as trust funds. A *trust fund* is an accounting mechanism that "records the revenues, offsetting receipts, or offsetting collections earmarked for the purpose of the fund, as well as budget authority and outlays of the fund that are financed by those revenues or receipts."[19] The Federal Disability Insurance Trust Fund finances the benefits of disabled workers and their dependents, and the Federal Old-Age and Survivors Insurance Trust Fund pays for the benefits of retired workers and their dependents as well as survivors of deceased workers.[20] Administrative costs are also drawn from the trust funds. Each trust fund is a separate account in the U.S. Treasury, and under current law, the two trust funds may not borrow from one another. [21]

The OASI trust fund was created under the Social Security Amendments of 1939 (P.L. 76-379), and superseded the Old-Age Reserve Account established under the original Social Security Act in 1935 (P.L.74-271).[22] The DI trust fund was established as part of the Social Security

[14] SSA, OACT, "Maximum Benefit for a Disabled-Worker Family," http://www.ssa.gov/oact/cola/dibfamilymax.html.

[15] For more information, see SSA, *How Workers' Compensation and Other Disability Payments May Affect Your Benefits*, No. 05-10018, June 2015, http://www.ssa.gov/pubs/EN-05-10018.pdf.

[16] SSA, Monthly Statistical Snapshot, Table 2.

[17] For more information, see SSA, "Medicare Information," http://www.ssa.gov/disabilityresearch/wi/medicare.htm. See also CRS Report R40425, *Medicare Primer*, coordinated by Patricia A. Davis and Scott R. Talaga.

[18] U.S. Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS), *Medicare & Medicaid Statistical Supplement*, 2013 edition, Table 3.4, https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareMedicaidStatSupp/Downloads/2013_Section3.pdf#Table3.4. Figure is per enrollee and includes disabled workers, disabled widow(er)s, disabled adult children, and individuals entitled to Medicare because of end-stage renal disease (ESRD) only.

[19] See U.S. Congressional Budget Office (CBO), *Glossary*, January 31, 2012, pp. 18-19, https://www.cbo.gov/publication/42904. See also U.S. General Accounting Office (GAO; now the Government Accountability Office), *Federal Trust and Other Earmarked Funds: Answers to Frequently Asked Questions*, GAO-01-199SP, January 1, 2001, http://www.gao.gov/products/GAO-01-199SP.

[20] 42 U.S.C. §401. For more information on the Federal Disability Insurance (DI) Trust Fund, see SSA, OACT, "Disability Insurance Trust Fund," http://www.ssa.gov/oact/progdata/describedi.html. For more information on the Federal Old-Age and Survivors Insurance (OASI) Trust Fund, see SSA, OACT, "Old-Age & Survivors Insurance Trust Fund," http://www.ssa.gov/oact/ProgData/describeoasi.html.

[21] See also SSA, OACT, "Trust Fund FAQs," http://www.ssa.gov/oact/ProgData/fundFAQ.html.

[22] The OASI trust fund became effective on January 1, 1940. For more information on the origins of the OASI trust fund and the Old-Age Reserve Account, see Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, *First Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund*, January 3,

Amendments of 1956 (P.L. 84-880)—the same legislation that created SSDI.[23] The creation of a separate DI trust fund appears to have been a compromise to address concerns of some lawmakers at the time about SSDI's potential cost and potential negative impact on the OASI trust fund and its beneficiaries. For more information on the congressional rationale for the creation of a separate DI trust fund, see **Appendix A**.

## Financing

SSDI and OASI are financed primarily by dedicated payroll and self-employment taxes levied on the earnings of covered workers under the Federal Insurance Contributions Act (FICA)[24] and the Self-Employment Contributions Act (SECA).[25] FICA taxes are split evenly between employees and employers, whereas SECA taxes are borne fully by self-employed individuals. As shown in **Table 1**, the Social Security FICA tax rate for employees and employers, *each* is 6.200%, with 1.185% allocated to the DI trust fund and 5.015% to the OASI trust fund. On a *combined basis*, the FICA tax rate is 12.400%, with 2.370% allocated to the DI trust fund and 10.030% to the OASI trust fund. The Social Security SECA tax rate is the same as the combined FICA tax rate. Social Security taxes are levied on covered earnings up to a maximum annual amount, which is $118,500 in 2016.[26]

**Table 1. Social Security Payroll Tax Rates Under Current Law**

(as a percentage of taxable earnings)

| Trust Fund | FICA | | SECA |
|---|---|---|---|
| | Employees and Employers, Each | Combined | Self Employed |
| OASI | 5.015 | 10.030 | 10.030 |
| DI | 1.185 | 2.370 | 2.370 |
| **OASDI (Total)** | **6.200** | **12.400** | **12.400** |

**Source:** Congressional Research Service (CRS), based on Social Security Administration (SSA), Office of the Chief Actuary (OACT), "Social Security Tax Rates," https://www.ssa.gov/oact/progdata/oasdiRates.html.

**Notes:** The allocation of the Social Security payroll tax rate between the OASI and DI trust funds is scheduled to change in calendar year 2019. For more information, see the "Under the Bipartisan Budget Act of 2015" section of this report.

The FICA rates for employees and employers are prescribed in Sections 3101 and 3111 of the Internal Revenue Code (IRC), respectively; the SECA rate is specified in Section 1401 of the

1941, https://www.ssa.gov/history/reports/trust/tf1941.html.

[23] The DI trust fund was established on August 1, 1956.

[24] Social Security payroll taxes on employees and employers were established under Title VIII of the Social Security Act in 1935 (P.L. 74-271). In 1939, the internal revenue laws of the United States were consolidated and codified under the Internal Revenue Code (IRC; P.L. 76-1). Title VI of the Social Security Amendments of 1939 (P.L. 76-379) amended Subchapter A of Chapter 9 of the IRC to read "Federal Insurance Contributions Act" (FICA). See 26 U.S.C. §3128.

[25] Section 208 of the Social Security Act Amendments of 1950 (P.L. 81-734) established Social Security payroll taxes on self-employed individuals under Subchapter E of Chapter 1 of the IRC. The 1950 amendments also coined the term "Self-Employment Contributions Act" (SECA). See 26 U.S.C. §1403.

[26] See SSA, OACT, "Contribution and Benefit Base," https://www.ssa.gov/oact/COLA/cbb.html. The taxable maximum is adjusted to reflect changes in average earnings levels in the United States for years in which a cost-of-living adjustment (COLA) is payable. See 42 U.S.C. §430.

IRC.[27] The allocation of the tax rates between the OASI and DI trust funds, however, is set in Section 201(b) of the Social Security Act.[28] Section 201(b) specifies the *combined* share of the Social Security tax rate allocated to the DI trust fund for both wages (FICA) and self-employment income (SECA), which, as noted above, is 2.370% (1.185% for employees and employers, each). Section 201(a) states that the combined allocation to the OASI trust fund for both wages and self-employment income is the combined Social Security payroll tax rate set in the IRC *less* the combined share prescribed in Section 201(b).[29] Therefore, the combined allocation to the OASI trust fund is 12.400% *minus* 2.370%, which equals 10.030% (5.015% for employees and employers, each).

In addition to payroll taxes, the OASI and DI trust funds are credited with income from the taxation of some Social Security benefits.[30] The share of Social Security benefits that is taxable depends on whether the individual's provisional income exceeds certain thresholds.[31] *Provisional income* equals adjusted gross income *plus* otherwise tax-exempt interest income (i.e., interest from tax-exempt bonds), *plus* 50% of Social Security benefits. Income derived from the taxation of up to the first 50% of Social Security benefits is credited to the OASI and DI trust funds based on the source of the benefits taxed.[32] In other words, up to a certain rate, taxes paid on OASI benefits are deposited in the OASI trust fund and taxes paid on SSDI benefits are deposited in the DI trust fund.

Occasionally, the two trust funds receive reimbursements from the General Fund of the U.S. Treasury for various costs imposed on the Social Security program.[33] For example, the OASI and DI trust funds received reimbursements from the General Fund to compensate for the loss of revenues from a temporary payroll tax reduction in 2011 and 2012.

The final source of income to the trust funds is from the interest earned on investments held by the trust funds. When income exceeds cost in a given year, the *surplus* is credited to the trust funds in the form of special-issue (non-marketable) securities, which are backed by the full faith

[27] 26 U.S.C. §§3101, 3111, and 1401. These sections of the IRC also prescribe the payroll tax rates for Medicare's Hospital Insurance (HI) trust fund. The total Medicare payroll tax rate, which applies to all covered earnings, is 2.90% (1.45% for employees and employers, each). The Patient Protection and Affordable Care Act (ACA; P.L. 111-148, as amended) imposes an additional 0.90% tax on high-income workers with wages and self-employment income over $200,000 for single filers and $250,000 for joint filers effective for taxable years beginning after December 31, 2012. The revenues from the 0.90% tax are credited to the HI trust fund. For more information, see CRS Report R43122, *Medicare Financial Status: In Brief*, by Patricia A. Davis. See also Internal Revenue Service (IRS), "Questions and Answers for the Additional Medicare Tax," http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Questions-and-Answers-for-the-Additional-Medicare-Tax.

[28] 42 U.S.C. §401(b).

[29] 42 U.S.C. §401(a).

[30] 26 U.S.C. §86. For more information on the taxation of Social Security benefits, see CRS Report RL32552, *Social Security: Calculation and History of Taxing Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

[31] For more information on these thresholds, see U.S. Congress, Senate Committee on the Budget, *Tax Expenditures: Compendium of Background Material on Individual Provisions*, committee print, prepared by CRS, 113th Cong., 2nd sess., December 2014, S.Prt. 113-32 (Washington: GPO, 2014), pp. 989-990, http://www.gpo.gov/fdsys/pkg/CPRT-113SPRT91950/pdf/CPRT-113SPRT91950.pdf.

[32] The HI trust fund is credited with the remainder of income from the taxation of up to 85% of OASI and SSDI benefits.

[33] The DI trust fund is reimbursed for the following costs: (1) the cost of noncontributory wage credits for military service before 1957; (2) the cost of payroll tax credits provided to employees in 1984 and self-employed persons in 1984-89 by P.L. 98-21; (3) the cost in 2009-17 of excluding certain self-employment earnings from SECA taxes under P.L. 110-246; and (4) payroll tax revenue forgone under the provisions of P.L. 111-147, P.L. 111-312, P.L. 112-78, and P.L. 112-96. See 2015 Social Security Trustees Report, Table IV.A2.

and credit of the U.S. government.[34] These securities earn interest, which the Department of the Treasury credits to the trust funds semiannually in the form of additional government securities. The accumulated securities held by a trust fund represent its balance.[35]A trust fund can use its balance, or *asset reserves*, to pay benefits whenever total program cost exceeds income.

# Financial Status of the DI Trust Fund

The Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds presents an annual report to Congress on the current and projected financial status of the Social Security trust funds.[36] The board is composed of six members: the Secretary of the Treasury, who is the Managing Trustee; the Secretary of Labor; the Secretary of Health and Human Services; the Commissioner of Social Security; and two public representatives, who are nominated by the President for a term of four years and subject to confirmation by the Senate.[37] The Board of Trustees (hereinafter "trustees") specifies the assumptions about future demographic and economic trends used in the projections; however, SSA's Office of the Chief Actuary advises the trustees on the assumptions as well as develops and runs the computer models that produce the forecasts. The trustees' latest report was released on July 22, 2015, and is available at http://www.ssa.gov/oact/tr/2015/index.html.[38]

## DI Financial Operations in 2014

**Table 2** shows the income, cost, and asset reserves of the DI trust fund in 2014. Of the $114.9 billion in total income credited to the DI trust fund, $109.7 billion (about 95%) came from net payroll tax contributions. The interest earned on the investments held by the DI trust fund amounted to $3.4 billion or 3% of total income.[39] Income from the taxation of SSDI benefits and reimbursements from the General Fund totaled $1.8 billion or 2% of total trust fund income.

Total cost for the year was $145.1 billion. About 98% of the DI trust fund's cost stemmed from benefit payments totaling $141.7 billion. Disbursements from the DI trust fund for administrative expenses and the financial interchange with the Railroad Retirement Board (RRB) amounted to $3.3 billion or 2% of total cost. According to the trustees, "the Railroad Retirement Act requires an annual financial interchange between the Railroad Retirement program and the OASDI program. The purpose of the interchange is to put the OASI and DI trust funds in the same

[34] In the past, the trust funds held publicly available securities. For more information on Social Security trust fund holdings, see CRS Report RS20607, *Social Security: Trust Fund Investment Practices*, by Dawn Nuschler.

[35] Although government securities held by the trust funds represent assets to Social Security, they are also liabilities to the rest of the federal government. For more information, see CBO, *The Budget and Economic Outlook: 2015 to 2025*, January 26, 2015, p. 145, https://www.cbo.gov/publication/49892.

[36] 42 U.S.C. §401(c).

[37] The Deputy Commissioner of SSA serves as the Secretary of the Board of Trustees. The two public representatives may not be from the same political party.

[38] For information about the trust funds on a combined basis, see CRS Report RL33028, *Social Security: The Trust Funds*, by Dawn Nuschler.

[39] In 2014, the asset reserves of the DI trust fund earned an effective annual interest rate of 4.5%. For more information, see SSA, OACT, "Effective Interest Rates," http://www.ssa.gov/OACT/ProgData/effectiveRates.html. For data on OASI and DI investment transactions, see SSA, OACT, "Investment Transactions," http://www.ssa.gov/OACT/ProgData/transactions.html.

financial position they would have been in had railroad employment always been covered directly by Social Security."[40]

To make up for the shortfall between total income and cost in 2014, the DI trust fund redeemed a net total of $30.2 billion in government bonds. Consequently, the asset reserves held by the DI trust fund decreased from $90.4 billion at the end of 2013 to $60.2 billion at the end of 2014.

**Table 2. Summary of the Financial Operations of the DI Trust Fund in 2014**

($ in billions)

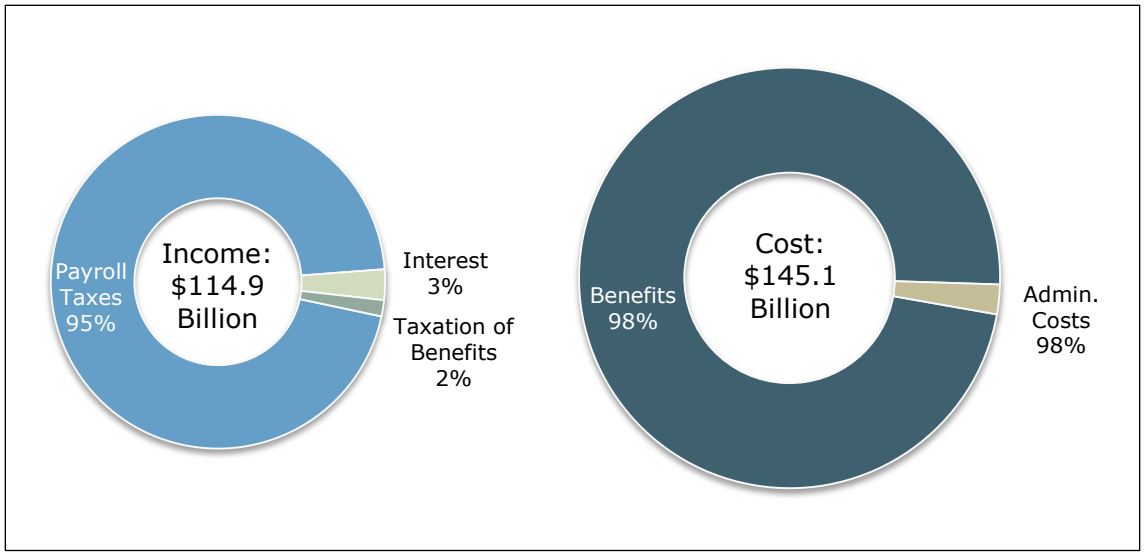
| Item | DI Trust Fund |
|---|---|
| Asset reserves at the end of the 2013 | $90.4 |
| Total income in 2014 | 114.9 |
| Net payroll tax contributions | 109.7 |
| Reimbursements from the General Fund of the Treasury | 0.1 |
| Taxation of SSDI benefits | 1.7 |
| Interest on asset reserves | 3.4 |
| Total expenditures in 2014 | 145.1 |
| Benefit Payments | 141.7 |
| Railroad Retirement financial interchange | 0.4 |
| Administrative expenses | 2.9 |
| Net change in asset reserves in 2014 | -30.2 |
| Asset reserves at the end of 2014 | 60.2 |

**Source:** CRS, adapted from U.S. Congress, House Committee on Ways and Means, *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, 114th Cong., 1st sess., July 22, 2015, H.Doc. 114-51 (Washington: GPO, 2015), Table II.B1, http://www.ssa.gov/oact/tr/2015/II_B_cyoper.html#96807 (hereinafter "2015 Social Security Trustees Report").

**Note:** Totals may not equal the sum of components due to rounding.

[40] 2015 Social Security Trustees Report, p. 30. For more information on the Railroad Retirement Board (RRB), see CRS Report RS22350, *Railroad Retirement Board: Retirement, Survivor, Disability, Unemployment, and Sickness Benefits*, by Scott D. Szymendera.

**Figure 1. DI Income and Cost in 2014, by Source**




**Source:** CRS, based on data from the 2015 the Social Security Trustees Report, Table II.B1.

**Notes:** "Interest" refers to net interest earned on securities held by the DI trust fund. "Taxation of Benefits" includes reimbursements from the General Fund, which accounted for less than 0.1% of trust fund income. "Admin. Costs" include net expenses related to the administration of SSDI, as well as payments under the financial interchange with the Railroad Retirement Board (RRB), which accounted for less than 0.3% of trust fund cost.

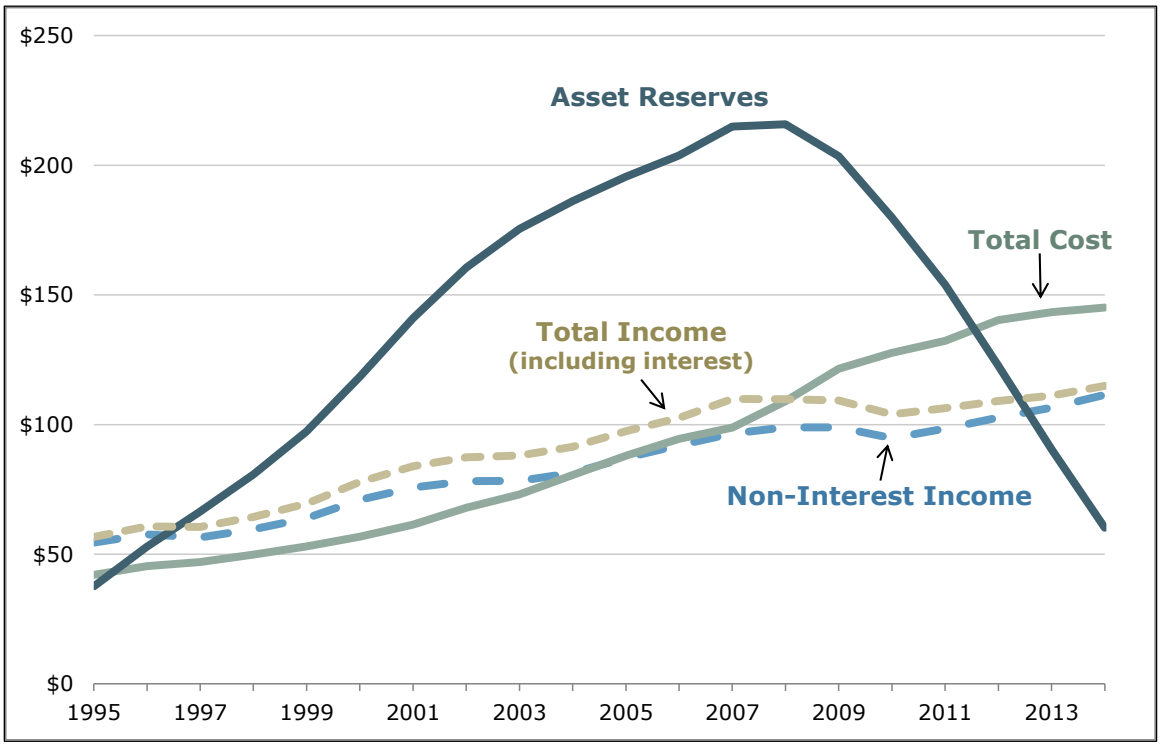
## Recent Experience of the DI Trust Fund

Between 1995 and 2004, non-interest income to the DI trust fund exceeded total cost, generating annual surpluses and increasing the fund's balance (**Figure 2**). *Non-interest income* includes net payroll tax contributions, revenues from the taxation of SSDI benefits, and General Fund reimbursements. In 2005, total cost started to exceed non-interest income; however, because *total income*—tax revenues plus net interest on asset reserves—was greater than total cost, the balance of the DI trust fund continued to grow. In 2009, total cost began to exceed total income, requiring the DI trust fund to use some of its asset reserves to cover benefit payments (**Table 3**). As a result, the balance of the DI trust fund has been declining. At the end of November 2015, the amount of asset reserves held by the DI trust fund was $35.2 billion.[41]

[41] See SSA, OACT, "Times Series For Selected Financial Items," https://www.ssa.gov/oact/ProgData/tsOps.html.

**Figure 2. Operations of the DI Trust Fund, 1995-2014**

($ in billions)




**Source:** CRS, based on data from the 2015 Social Security Trustees Report, Table VI.A2, at http://www.ssa.gov/oact/tr/2015/VI_A_cyoper_hist.html#288797.

**Notes:** "Total Income" includes interest earned on the asset reserves held by the DI trust fund. The amount of asset reserves held by a trust fund represents its balance.

## Table 3. Operations of the DI Trust Fund, 1995-2014

($ in billions)

| Year | Income | | | Cost | | | | Asset Reserves | |
|---|---|---|---|---|---|---|---|---|---|
| | Total Income | Non-Interest Income[a] | Net Interest[b] | Total Cost | Benefit Payments[c] | Administrative Expenses | RRB Interchange[d] | Change During the Year | Amount at the End of the Year |
| 1995 | $56.7 | $54.5 | $2.2 | $42.1 | $40.9 | $1.1 | $0.1 | $14.6 | $37.6 |
| 1996 | 60.7 | 57.7 | 3.0 | 45.4 | 44.2 | 1.2 | [e] | 15.4 | 52.9 |
| 1997 | 60.5 | 56.5 | 4.0 | 47.0 | 45.7 | 1.3 | 0.1 | 13.5 | 66.4 |
| 1998 | 64.4 | 59.6 | 4.8 | 49.9 | 48.2 | 1.6 | 0.2 | 14.4 | 80.8 |
| 1999 | 69.5 | 63.9 | 5.7 | 53.0 | 51.4 | 1.5 | 0.1 | 16.5 | 97.3 |
| 2000 | 77.9 | 71.0 | 6.9 | 56.8 | 55.0 | 1.6 | 0.2 | 21.1 | 118.5 |
| 2001 | 83.9 | 75.7 | 8.2 | 61.4 | 59.6 | 1.7 | [e] | 22.5 | 141.0 |
| 2002 | 87.4 | 78.2 | 9.2 | 67.9 | 65.7 | 2.0 | 0.2 | 19.5 | 160.5 |
| 2003 | 88.1 | 78.3 | 9.7 | 73.1 | 70.9 | 2.0 | 0.2 | 15.0 | 175.4 |
| 2004 | 91.4 | 81.4 | 10.0 | 80.6 | 78.2 | 2.2 | 0.2 | 10.8 | 186.2 |
| 2005 | 97.4 | 87.2 | 10.3 | 88.0 | 85.4 | 2.3 | 0.3 | 9.4 | 195.6 |
| 2006 | 102.6 | 92.0 | 10.6 | 94.5 | 91.7 | 2.3 | 0.4 | 8.2 | 203.8 |
| 2007 | 109.9 | 96.6 | 13.2 | 98.8 | 95.9 | 2.5 | 0.4 | 11.1 | 214.9 |
| 2008 | 109.8 | 98.9 | 11.0 | 109.0 | 106.0 | 2.5 | 0.4 | 0.9 | 215.8 |
| 2009 | 109.3 | 98.9 | 10.5 | 121.5 | 118.3 | 2.7 | 0.4 | -12.2 | 203.5 |
| 2010 | 104.0 | 94.8 | 9.3 | 127.7 | 124.2 | 3.0 | 0.5 | -23.6 | 179.9 |
| 2011 | 106.3 | 98.4 | 7.9 | 132.3 | 128.9 | 2.9 | 0.5 | -26.1 | 153.9 |
| 2012 | 109.1 | 102.7 | 6.4 | 140.3 | 136.9 | 2.9 | 0.5 | -31.2 | 122.7 |
| 2013 | 111.2 | 106.5 | 4.7 | 143.4 | 140.1 | 2.8 | 0.6 | -32.2 | 90.4 |
| 2014 | 114.9 | 111.5 | 3.4 | 145.1 | 141.7 | 2.9 | 0.4 | -30.2 | 60.2 |

**Source:** CRS, based on data from the 2015 Social Security Trustees Report, Table VI.A2, at http://www.ssa.gov/oact/tr/2015/VI_A_cyoper_hist.html#288797.

**Notes:** Totals may not equal the sum of components due to rounding.

a. "Non-Interest Income" includes net payroll tax contributions, General Fund reimbursements, and revenues from the taxation of benefits.

b. "Net Interest" includes (1) interests earned on the investments (asset reserves) held by the trust fund, (2) interest on adjustments in the allocation of administration expenses between the trust fund and the General Fund for the Supplemental Security Income (SSI) program, (3) interest arising from the revised allocation of administrative expenses among the trust funds, and (4) interest on certain reimbursements to the trust fund.

c. Includes payments for vocational rehabilitation services furnished to disabled beneficiaries and reimbursements from the General Fund for unnegotiated benefit checks.

d. "RRB Interchange" refers to the financial interchange with the Railroad Retirement Board (RRB). For more information, see CRS Report RS22350, *Railroad Retirement Board: Retirement, Survivor, Disability, Unemployment, and Sickness Benefits*, by Scott D. Szymendera.

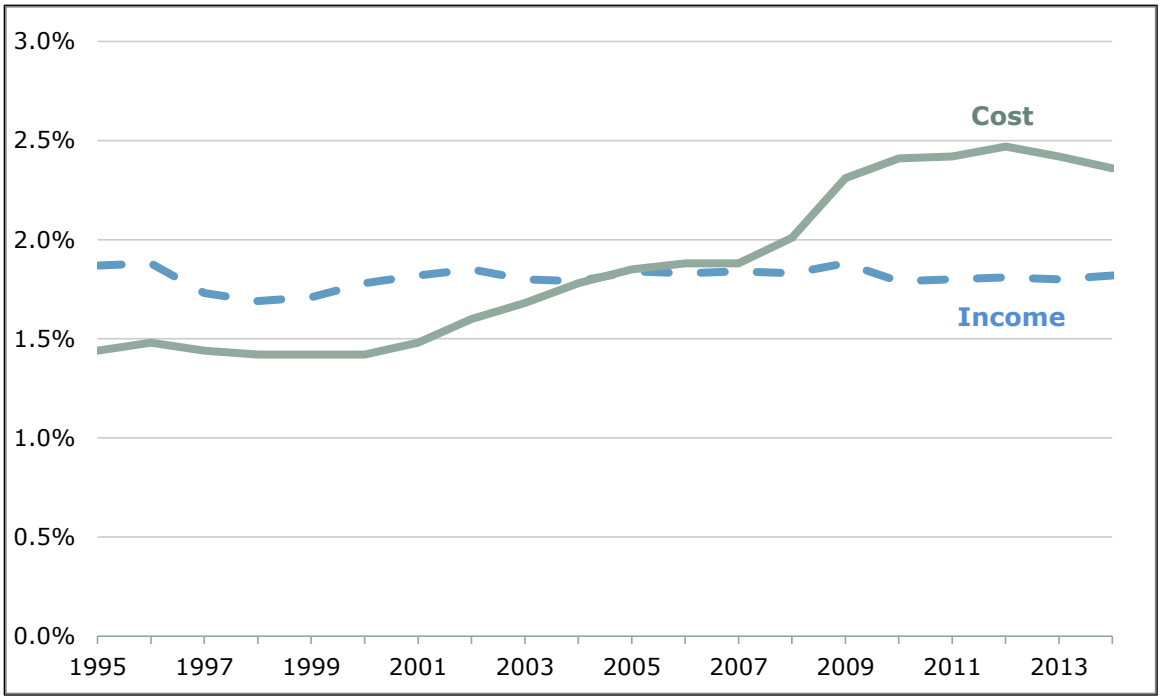
e. Between -$50 million and $50 million.

# Causes of the DI Trust Fund's Financial Imbalance

The declining solvency of the DI trust fund is the result of an increasing imbalance between its income and cost. **Figure 3** shows income and cost to the DI trust fund expressed as a percentage of taxable payroll. *Taxable payroll* is the total amount of earnings in the economy that is subject to Social Security taxes (with some adjustments).[42] The ratio of non-interest income to taxable payroll for the year is known as the *annual income rate*; the ratio of cost to taxable payroll for the year is known as the *annual cost rate*. Over the past 20 years, the annual DI income rate has remained relatively flat at about 1.81% of taxable payroll, which is roughly the combined share of the tax rate allocated to the DI trust fund for that period plus a small amount of other income. At the same time, the annual DI cost rate has grown markedly, from 1.44% in 1995 to 2.36% in 2014.

**Figure 3. Annual DI Income and Cost Rates, 1995-2014**

(non-interest income and cost as a share of taxable payroll for the year)




**Source:** CRS, based on data from the 2015 Social Security Trustees Report, Table IV.B1, Single-Year Tables, at http://www.ssa.gov/oact/tr/2015/lr4b1.html.

**Notes:** The "Income Rate" is the ratio of non-interest DI income to taxable payroll. Non-interest income includes payroll taxes, taxes paid on scheduled benefits, and reimbursements from the General Fund. The "Cost Rate" is the ratio of DI cost to taxable payroll. Cost includes scheduled benefits, administrative expenses, and the net interchange with the RRB. "Taxable payroll" is the total amount of earnings in the economy that is subject to Social Security taxes (with some adjustments).

The increase in the annual DI cost rate stems largely from the growth in the number of beneficiaries on SSDI. Between 1995 and 2014, the total number of disabled workers and their

[42] 2015 Social Security Trustees Report, Table VI.G5. In 2014, taxable payroll was slightly more than one-third of gross domestic product (GDP).

dependents in receipt of SSDI increased 85%, from 5.9 million to 10.9 million.[43] Because benefit payments account for nearly all spending, the increase in the number of SSDI beneficiaries drove the annual DI cost rate upward.

The rise in disability rolls can be attributed to a number of factors.[44] First, the overall growth in the working-age population increased the number of workers insured for disability.[45] Between 1995 and 2014, the insured-worker population increased 19%, from 127 million to 151 million.[46]

Second, demographic changes in the composition of the insured-worker population contributed to the increase in the number of beneficiaries on SSDI.[47] Most importantly, the aging of the baby-boomer generation increased the number of older workers, who are more likely to become disabled than are younger workers. In addition, growth in the labor force participation rate of women in the latter half of the 20th century led to more women being insured for disability.[48] As the size of the female insured-worker population increased, the enrollment rate of women into the SSDI program grew to near parity with men.[49]

Third, changes in opportunities for work and compensation induced more individuals to apply for SSDI. For example, according to SSA's chief actuary, economic downturns are associated with a temporary increase in the enrollment rate of insured workers into the program.[50] During the last recession, the number of SSDI awards per 1,000 insured workers increased 25%, from 5.6 in 2007 to 7.0 in 2010.[51] In addition, the value of benefits has made applying for SSDI more desirable than work for some low-wage workers, because such individuals have experienced slower real earnings growth over the past three decades compared with medium- and high-wage workers.[52]

Fourth, various amendments to the Social Security program played a role in increasing the number of people on SSDI. For example, the Social Security Amendments of 1983 (P.L. 98-21) raised the full retirement age (FRA) for Social Security retirement benefits, thereby increasing both the number of insured workers in their older and more disability-prone years and the duration of benefit receipt for older SSDI beneficiaries close to the FRA. The increase in the FRA

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[43] Ibid., pp. 55-56.

[44] Jeffrey B. Liebman, "Understanding the Increase in Disability Insurance Benefit Receipt in the United States," *Journal of Economic Perspective*, vol. 29, no. 2 (Spring 2015), https://www.aeaweb.org/jep/app/2902/29020123_corr.pdf. See also Mary C. Daly, Brian Lucking, and Jonathan A. Schwabish, *The Future of Social Security Disability Insurance*, Federal Reserve Bank of San Francisco, Economic Letter 2013-17, June 24, 2013, http://www.frbsf.org/economic-research/files/el2013-17.pdf.

[45] See David Pattison and Hilary Waldron, "Growth in New Disabled-Worker Entitlements, 1970–2008," *Social Security Bulletin*, vol. 73, no. 4 (November 2013), http://www.ssa.gov/policy/docs/ssb/v73n4/v73n4p25.html.

[46] SSA, OACT, "Disability Insured Workers," https://www.ssa.gov/oact/STATS/table4c2DI.html.

[47] 2015 Social Security Trustees Report, pp. 137-140.

[48] See Kathy Ruffing, *How Much of the Growth in Disability Insurance Stems From Demographic Changes?*, Center on Budget and Policy Priorities (CBPP), January 27, 2014, Table 1, p. 5, http://www.cbpp.org/research/how-much-of-the-growth-in-disability-insurance-stems-from-demographic-changes?fa=view&id=4080.

[49] Tim Zayatz, *Social Security Disability Insurance Program Work Experience*, SSA, OACT, Actuarial Study No. 123, Table 4, August 2015, p. 22, http://www.ssa.gov/oact/NOTES/pdf_studies/study123.pdf.

[50] Testimony of SSA Chief Actuary Stephen C. Goss, in U.S. Congress, House Committee on Ways and Means, Subcommittee on Social Security, *The Financing Challenges Facing the Social Security Disability Insurance Program*, 113th Cong., 1st sess., March 14, 2013, http://www.ssa.gov/legislation/testimony_031413a.html.

[51] SSA, *Annual Statistical Supplement, 2014*, April 2015, Table 6.C7, http://www.ssa.gov/policy/docs/statcomps/supplement/2014/6c.html#table6.c7.

[52] See David H. Autor and Mark G. Duggan, "The Rise in the Disability Rolls and the Decline in Unemployment," *The Quarterly Journal of Economics* (February 2003), pp. 158-205, http://economics.mit.edu/files/579.

also raised the value of disability benefits relative to early retirement benefits, which likely impelled more individuals between the ages of 62 and FRA to apply for SSDI.

Furthermore, the Social Security Disability Benefits Reform Act of 1984 (P.L. 98-460), which changed the evaluative criteria used in making disability determinations, contributed to the growth in the number of SSDI beneficiaries with mental and musculoskeletal disorders.[53] Because such disorders are less likely to result in death compared with other qualifying impairments, the growth in the share of beneficiaries with mental and musculoskeletal disorders likely increased the average duration of benefit receipt and thus SSDI caseloads.[54]

Although most researchers agree that changes in the demographic characteristics of the working-age population account for a large share of the growth in the number of beneficiaries on SSDI, there is considerable disagreement among researchers over how more "difficult to quantify factors"—such as changes in opportunities for work and compensation or changes to federal policy—have contributed to the growth in the program.[55]

The trustees project that the share of the insured population in receipt of SSDI will stabilize in the future, because some of the principal drivers of past growth—namely, the aging of the insured population and the increase in female enrollment rates—have come to pass and are not likely to occur again.[56] The 2015 Technical Panel on Assumptions and Methods—a panel of expert actuaries, economists, and demographers convened by the Social Security Advisory Board (SSAB) to review the assumptions and methods used by the trustees—recently concurred with this assessment.[57]

# Projected Status of the DI Trust Fund

This section examines the financial outlook of the DI trust fund under prior law and under the Bipartisan Budget Act of 2015 (H.R. 1314; P.L. 114-74). Specifically, it discusses the projected depletion year of the DI trust fund, that is, the year in which the balance of the trust fund falls to zero. When a trust fund is *depleted*, it no longer has any asset reserves; however, it continues to receive income from payroll taxes and the taxation of benefits.

The Social Security Act provides no guidance on the payment of benefits once a trust fund's asset reserves have been depleted and current tax revenues are insufficient to meet current cost. Although individuals who meet Social Security's eligibility requirements are legally entitled to disability benefits,[58] a provision in the Antideficiency Act prohibits a federal agency from

[53] David H. Autor, *The Unsustainable Rise of the Disability Rolls in the United States: Causes, Consequences, and Policy Options*, National Bureau of Economic Research, NBER Working Paper no. 17697, December 2011, p. 5, http://www.nber.org/papers/w17697. See also L. Scott Muller et al., *Trends in the Social Security and Supplemental Security Income Disability Programs*, SSA, August 2006, p. 44, http://www.ssa.gov/policy/docs/chartbooks/disability_trends/index.html.

[54] See Kalman Rupp and Charles G. Scott, "Trends in the Characteristics of DI and SSI Disability Awardees and Duration of Program Participation," *Social Security Bulletin*, vol. 59, no. 1 (January 1996), p. 3, http://www.ssa.gov/policy/docs/ssb/v59n1/.

[55] Gina Livermore, David Wittenburg, and David Neumark, "Finding alternatives to disability benefit receipt," *IZA Journal of Labor Policy*, 2014, p. 2. http://www.izajolp.com/content/pdf/2193-9004-3-14.pdf.

[56] 2015 Social Security Trustees Report, p. 140.

[57] 2015 Technical Panel on Assumptions and Methods, *Report to the Social Security Advisory Board*, September 2015, p. 44, http://ssab.gov/Portals/0/Technical%20Panel/2015_TPAM_Final_Report.pdf?ver=2015-09-24-113145-693.

[58] 42 U.S.C. §423.

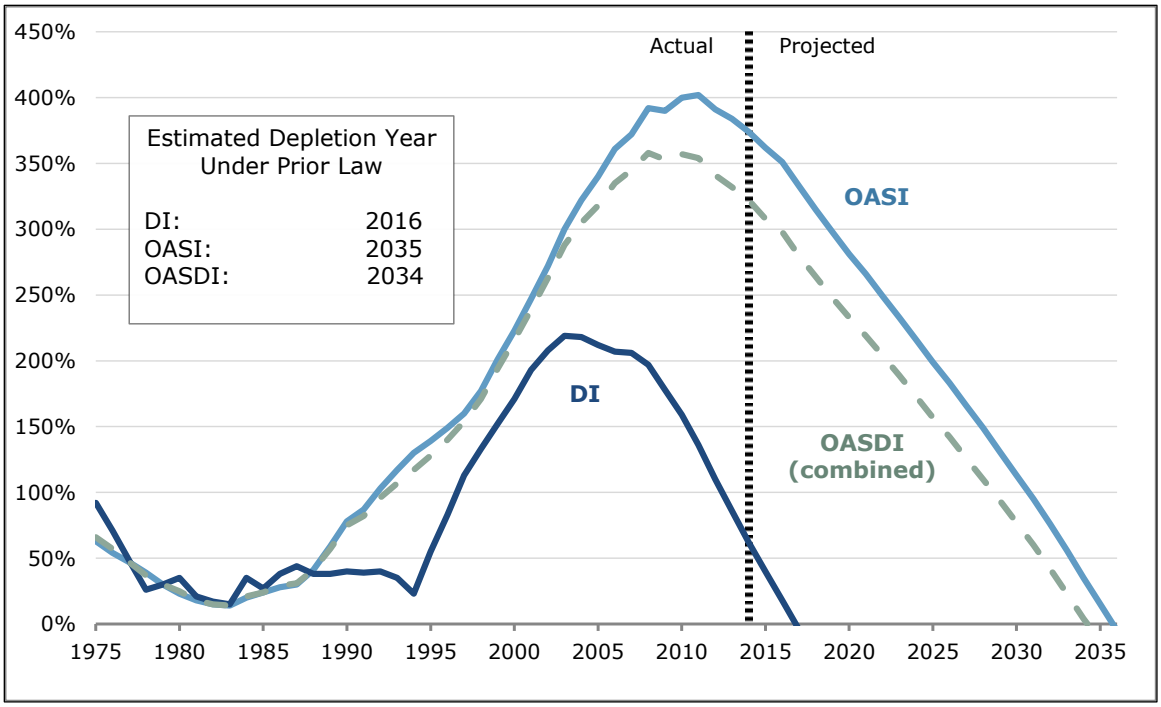
spending in excess of available funds.[59] Because the Social Security Act stipulates that SSDI benefit payments shall be made only from the DI trust fund, without a change in the law, monthly cash payments to beneficiaries could be delayed or reduced if the DI trust fund were depleted.[60]

## Under Prior Law

The trustees estimate the future financial condition of the OASI and DI trust funds individually as well as on a theoretical combined basis (i.e., as if the two trust funds were a single fund). In their 2015 report, which was released *prior* to the enactment of the Bipartisan Budget Act of 2015, the trustees projected that the DI trust fund would be depleted in the fourth quarter of calendar year 2016. The trustees also projected that the OASI trust fund would be depleted in 2035 and the theoretical combined OASDI trust funds would be depleted in 2034. **Figure 4** shows the actual and projected trust fund ratios of the OASI, DI, and combined OASDI trust funds under prior law. A *trust fund ratio* is a measure of a trust fund's asset reserves at the beginning of a year expressed as a percentage of total cost for the year.[61]

**Figure 4. Actual and Projected OASI, DI, and Combined OASDI Trust Fund Ratios Under Prior Law, 1975-2036**

(asset reserves at the beginning of the year as a share of annual cost)




**Source:** CRS, based on data from the 2015 Social Security Trustees Report, Table IV.B4, Single-Year Tables, at https://www.ssa.gov/oact/tr/2015/lr4b4.html.

[59] 31 U.S.C. §1341.

[60] 42 U.S.C. §401(h). See CRS Report RL33514, *Social Security: What Would Happen If the Trust Funds Ran Out?*, by Dawn Nuschler and William R. Morton, and CRS Report RL32822, *Social Security Reform: Legal Analysis of Social Security Benefit Entitlement Issues*, by Emily M. Lanza and Thomas J. Nicola.

[61] 2015 Social Security Trustees Report, p. 40.

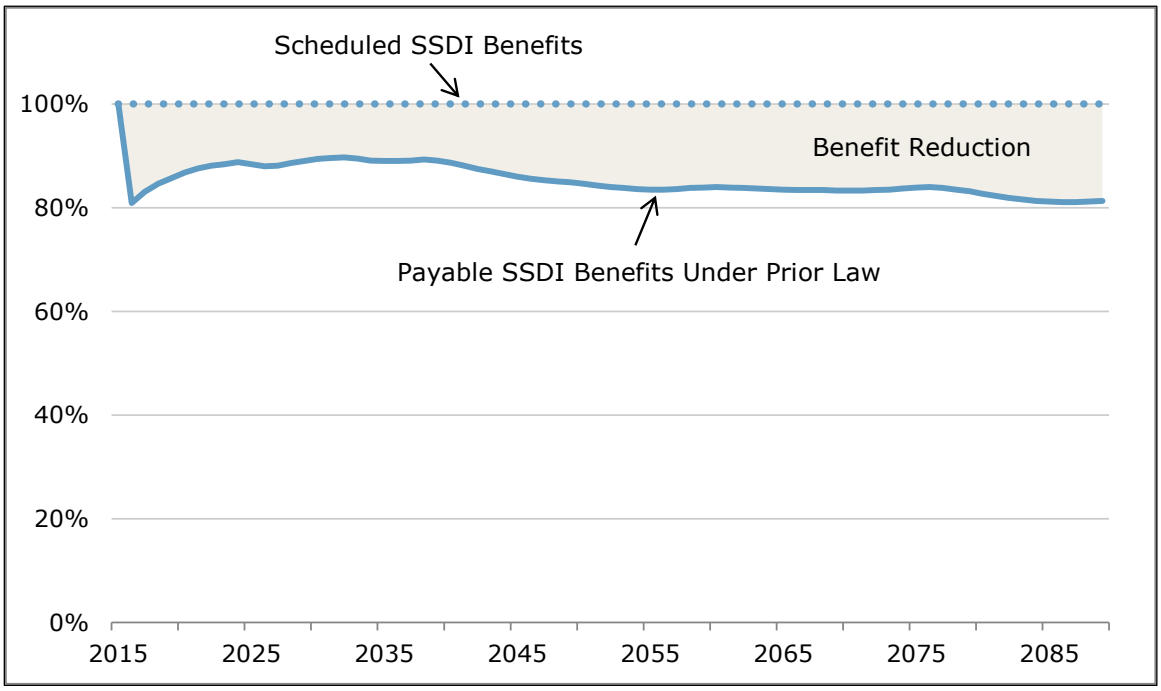
**Note:** Projections based on the intermediate assumptions of the 2015 trustees report.

In its June 2015 long-term budget outlook, the Congressional Budget Office (CBO) estimated that the balance of the DI trust fund would be depleted sometime in FY2017.[62] CBO projected that the OASI trust fund would be depleted in calendar year 2031 and the theoretical combined OASDI trust funds would be depleted in calendar year 2029. The Social Security trustees and CBO sometimes project different depletion dates because the two organizations base their forecasts on different demographic and economic assumptions.

Upon depletion of its asset reserves in late 2016, the trustees projected that continuing tax revenues to the DI trust fund would have been sufficient to pay 81% of SSDI benefits.[63] That percentage was projected to rise to about 90% in the 2030s and then decline, returning to 81% in 2089 (**Figure 5**).[64] A recent SSA study examined the characteristics of disabled-worker beneficiaries in 2013.[65] After accounting for SSDI benefits, the study's authors estimated that 18.5% of disabled workers had family income below the poverty threshold.[66] However, if only 81% of benefits had been payable that year, the authors estimated that the poverty rate for disabled-worker beneficiaries would have been 25.5%.

**Figure 5. The Projected Share of SSDI Benefits Payable Under Prior Law, 2015-2089**

(prior law DI income expressed as a share of the cost of providing scheduled benefits)




**Source:** CRS, based on data provided by SSA's OACT in Memorandum from Chris Chaplain, supervisory actuary, and Daniel Nickerson, actuary, to Alice H. Wade, deputy chief actuary, "Present-Law OASDI Payable

[62] Congressional Budget Office (CBO), *The 2015 Long-Term Budget Outlook*, June 2015, p. 55, https://www.cbo.gov/publication/50250.

[63] 2015 Social Security Trustees Report, p.13.

[64] Ibid.

[65] Michelle Stegman Bailey and Jeffrey Hemmeter, "Characteristics of Noninstitutionalized DI and SSI Program Participants, 2013 Update," Research and Statistics Note no. 2015-2, September 2015, http://www.ssa.gov/policy/docs/rsnotes/rsn2015-02.html.

[66] Ibid., Table 6B.

Percentages: Present-Law Revenue as a Percent of the Cost of Providing Scheduled Benefits through Year 2089," August 27, 2015.

**Note:** Projections based on the intermediate assumptions of the 2015 trustees report.

## Under the Bipartisan Budget Act of 2015

On November 2, 2015, President Barack Obama signed into law the Bipartisan Budget Act of 2015 (H.R. 1314; P.L. 114-74). Among its many provisions, the act authorized a temporary reallocation of the Social Security payroll tax rate between the OASI and DI trust funds to provide DI with a larger share for 2016 through 2018. Specifically, the DI trust fund's share of the tax rate for employees and employers, each, increased by 0.285 percentage point at the beginning of 2016, from 0.900% to 1.185% (**Table 4**). On a *combined basis*, DI's share of the tax rate increased by 0.570 percentage point, from 1.800% to 2.370%. The change in the SECA rate mirrors the change in the combined FICA rate.

**Table 4. Social Security Payroll Tax Rates Under Prior Law and Under the Bipartisan Budget Act of 2015**

(as a percentage of taxable earnings)

| | Employees and Employers, Each (FICA) | | | Self-Employed (SECA) | | |
|---|---|---|---|---|---|---|
| **Year** | **OASDI** | **OASI** | **DI** | **OASDI** | **OASI** | **DI** |
| *Rates Scheduled Under the Social Security Domestic Employment Reform Act of 1994 (P.L. 103-387)* | | | | | | |
| 2015+ | 6.200 | 5.300 | 0.900 | 12.400 | 10.600 | 1.800 |
| *Rates Scheduled Under the Bipartisan Budget Act of 2015 (P.L. 114-74)* | | | | | | |
| 2015 | 6.200 | 5.300 | 0.900 | 12.400 | 10.600 | 1.800 |
| 2016-2018 | 6.200 | 5.015 | 1.185 | 12.400 | 10.030 | 2.370 |
| 2019+ | 6.200 | 5.300 | 0.900 | 12.400 | 10.600 | 1.800 |

**Source:** CRS.

Because the act did not change the Social Security payroll tax rate, the portion of the tax rate allocated to OASI *decreased* by a corresponding amount. This means that OASI's share of the 6.200% tax rate for employees and employers, each, declined by 0.285 percentage point at the start of 2016, from 5.300% to 5.015%. On a *combined basis*, OASI's share of the 12.400% tax rate declined by 0.570 percentage point, from 10.600% to 10.030%. Again, the change in the SECA rate mirrors the change in the combined FICA rate. For 2019 and later, the shares allocated to the DI and OASI trust funds are scheduled to return to their 2015 levels.

SSA's Office of the Chief Actuary (OACT) projects that the reallocation schedule in the Bipartisan Budget Act of 2015 will extend the solvency of the DI trust fund from the fourth quarter of 2016 to approximately the third quarter of 2022 (**Figure 6**).[67] Although the reallocation is projected to reduce the solvency of the OASI trust fund by a number of months, OACT estimates that the *depletion year* for OASI will remain unchanged at 2035.[68] Because the reallocation does not change the total amount of Social Security tax revenues, OACT projects that

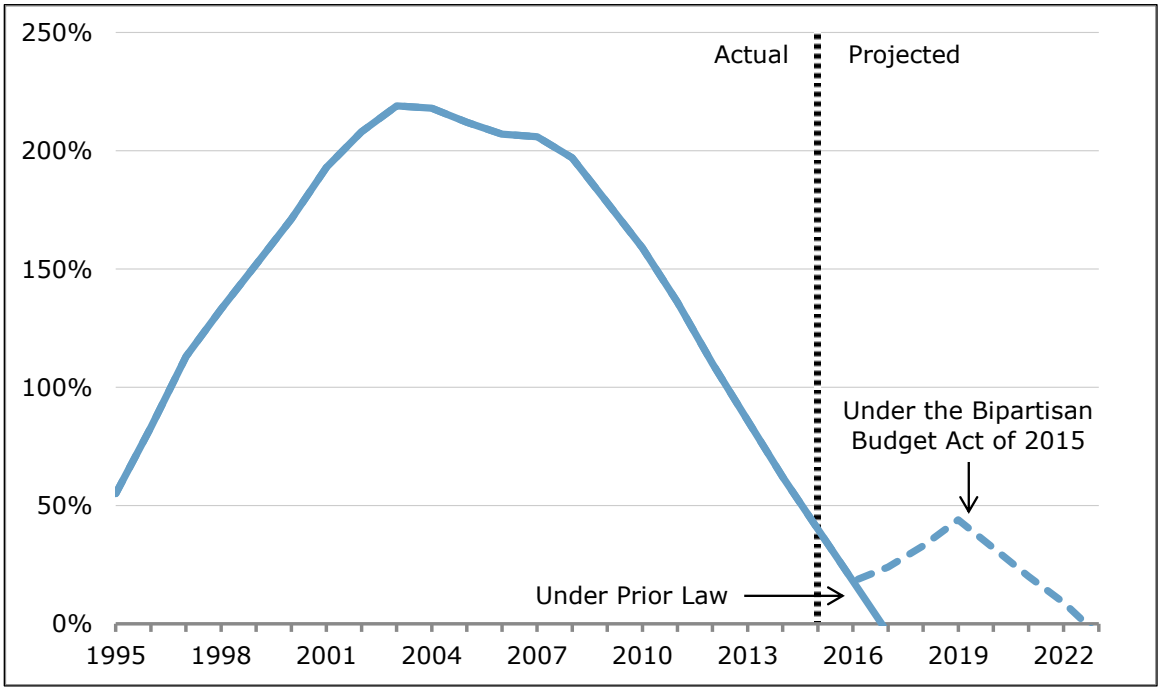
[67] Letter from Stephen C. Goss, chief actuary, to the Honorable John Boehner, Speaker of the House of Representatives, October 27, 2015, https://www.ssa.gov/oact/solvency/JBoehner_20151027.pdf (hereinafter "OACT Letter to Speaker Boehner, October 2015").

[68] OACT's projections for the OASI trust fund and the theoretical combined OASDI trust funds account for the effects of several other provisions in the Bipartisan Budget Act of 2015 in addition to the payroll tax reallocation.

the depletion year for the theoretical combined OASDI trust funds will remain unchanged at 2034.

**Figure 6. Actual and Projected DI Trust Fund Ratios Under Prior Law and Under the Bipartisan Budget Act of 2015, 1995-2023**

(asset reserves at the beginning of the year as a share of annual cost)




**Source:** CRS, based on the Social Security Advisory Board (SSAB), "Did You Know? The Bipartisan Budget Act of 2015 extended the expected date of the DI trust fund reserve depletion by 6 years to 2022 from 2016," Chart 1, http://www.ssab.gov/Facts-and-Figures/Did-You-Know-Charts/Disability-Trust-Fund-Solvency.

**Note:** Projections based on the intermediate assumptions of the 2015 trustees report.

CBO projects that the reallocation will extend the solvency of the DI trust fund from FY2017 to FY2021.[69] The agency estimates that the reallocation will reduce the solvency of the OASI trust fund slightly, shifting the depletion year from calendar year 2031 to calendar year 2030. The depletion year for the theoretical combined OASDI trust funds is projected to remain unchanged at calendar year 2029 under CBO's extended baseline projections (see **Table 5**).

**Table 5. Projected Depletion Years for the OASI, DI, and Combined OASDI Trust Funds Under Prior Law and Under the Bipartisan Budget Act of 2015, by Agency**

| | OACT | | | CBO | | |
|---|---|---|---|---|---|---|
| **Depletion Year Projections—** | **OASDI** | **OASI** | **DI** | **OASDI** | **OASI** | **DI** |
| Under Prior Law | 2034 | 2035 | 2016 | 2029 | 2031 | FY2017 |
| Under the Bipartisan Budget Act of 2015[a] | 2034 | 2035 | 2022 | 2029 | 2030 | FY2021 |

**Source:** CRS, based on the following sources: the 2015 Social Security Trustees Report; Letter from Stephen C. Goss, chief actuary, to the Honorable John Boehner, Speaker of the House of Representatives, October 27,

[69] CBO, *CBO's 2015 Long-Term Projections for Social Security: Additional Information*, December 2015, p. 2, https://www.cbo.gov/publication/51047.

2015, https://www.ssa.gov/oact/solvency/JBoehner_20151027.pdf; U.S. Congressional Budget Office (CBO), *The 2015 Long-Term Budget Outlook*, June 2015, p. 55, https://www.cbo.gov/publication/50250; and CBO, *CBO's 2015 Long-Term Projections for Social Security: Additional Information*, December 2015, p. 2, https://www.cbo.gov/publication/51047.

**Notes:** Unless otherwise stated, years presented in the table are calendar years. The "depletion year" is the year in which the balance of the trust fund falls to zero.

a. OACT's projections for the OASI trust fund and the theoretical combined OASDI trust funds account for the effects of several other provisions in the Bipartisan Budget Act of 2015 in addition to the temporary payroll tax reallocation. CBO's projections do not account for these effects.

# Use of Reallocations by Congress in the Past

As shown in **Table 6**, Congress has authorized the reallocation of the payroll tax rate multiple times in the past. For the purposes of this report, a *reallocation* occurs when (1) the overall tax rate remains the same but the shares allocated to the trust funds change proportionally or (2) the overall tax rate changes and the shares allocated to the trust funds change in opposite directions.[70] In other words, a reallocation increases tax revenues to one trust fund and decreases revenues to the other regardless of whether the overall Social Security tax rate increases, decreases, or stays the same.

Lawmakers have historically included payroll tax reallocations in major amendments to the Social Security Act in order to put the OASI and DI trust funds on a more or less equal financial footing. However, reallocations have been used at times to extend the solvency of nearly depleted trust funds. Payroll tax reallocations have sometimes benefited the DI trust fund and at other times have favored the OASI trust fund. Reallocation legislation may contain a rate schedule that changes the allocation between the trust funds multiple times and in different directions.

With respect to the "number of times" the payroll tax rate has been reallocated, some people tally pieces of legislation authorizing either a single reallocation or a reallocation schedule, whereas others count each instance in which a reallocation occurred. Because FICA taxes account for nearly all payroll tax revenues to the Social Security trust funds, people generally count reallocations affecting the FICA rate.[71]

[70] See Kathy A. Ruffing and Paul N. Van de Water, *Congress Needs to Boost Disability Insurance Share of Payroll Tax by 2016: Traditional Step Would Avert Trust Fund Depletion, Benefit Cuts*, Center on Budget and Policy Priorities, July 31, 2014, http://www.cbpp.org//sites/default/files/atoms/files/7-16-14socsec.pdf. See also Virginia P. Reno, Elisa A. Walker, and Thomas N. Bethell, *Social Security Disability Insurance: Action Needed to Address Finances*, National Academy of Social Insurance, Brief no. 41, June 2013, https://www.nasi.org/sites/default/files/research/SS_Brief_041.pdf.

[71] In 2014, FICA taxes accounted for 94% of all payroll tax revenues to the Social Security trust funds on a combined basis. See SSA, OACT, "Social Security & Medicare Tax Data," https://www.ssa.gov/oact/ProgData/taxquery.html.

## Table 6. Legislation Reallocating the Social Security Payroll Tax Rate

| Public Law Number | Name | Date of Enactment | Reallocation Direction | Reallocated the FICA Rate?[a] | Reallocated the SECA Rate?[a] |
|---|---|---|---|---|---|
| P.L. 90-248 | Social Security Amendments of 1967 | January 2, 1968 | OASI to DI | Yes (once) | Yes (once) |
| P.L. 91-172 | Tax Reform Act of 1969 | December 30, 1969 | OASI to DI | Yes (once) | Yes (once) |
| P.L. 92-603 | Social Security Amendments of 1972[b] | October 30, 1972 | DI to OASI | No | Yes (once) |
| P.L. 93-233 | "Social Security Benefits Increase Act of 1973"[c] | December 31, 1973 | OASI to DI | No | Yes (once) |
| P.L. 95-216 | Social Security Amendments of 1977 | December 20, 1977 | Both Directions[d] | Yes (twice) | Yes (once) |
| P.L. 96-403 | "Reallocation of Social Security Tax Receipts Act of 1980"[e] | October 9, 1980 | Both Directions[f] | Yes (twice) | Yes (twice) |
| P.L. 98-21 | Social Security Amendments of 1983 | April 20, 1983 | DI to OASI[g] | Yes (twice) | Yes (once) |
| P.L. 103-387 | Social Security Domestic Employment Reform Act of 1994 | October 22, 1994 | Both Directions[h] | Yes (3 times) | Yes (3 times) |
| P.L. 114-74 | Bipartisan Budget Act of 2015 | November 2, 2015 | Both Directions[i] | Yes (twice) | Yes (twice) |

**Source:** Compiled by CRS from the following sources: SSA, OACT, "Social Security Tax Rates," https://www.ssa.gov/oact/progdata/oasdiRates.html; SSA, "Social Security History: Legislative Histories 1935-2004," Downey Books, https://www.ssa.gov/history/legislativehistory.html; and SSA, OACT, "Reports from the Board of Trustees," various years, https://www.ssa.gov/oact/tr/.

**Notes:** A reallocation occurs when (1) the overall tax rate remains the same but the shares allocated to the trust funds change proportionally or (2) the overall tax rate changes and the shares allocated to the trust funds change in opposite directions.

a. This column refers to reallocations that were implemented (or are scheduled to be implemented) under each law specified in the table; it does not refer to reallocations that were scheduled and then superseded by subsequent law.

b. P.L. 92-603 amended the rate schedule enacted earlier that year under P.L. 92-336, "An Act to provide for a four-month extension of the present temporary level in the public debt limitation, and for other purposes."

c. P.L. 93-233 is titled "An Act to provide a 7-percent increase in social security benefits beginning with March 1974 and an additional 4-percent increase beginning with June 1974, to provide increases in supplemental security income benefits, and for other purposes."

d. The 1977 amendments reallocated the FICA and SECA rates to improve the balance of the DI trust fund in 1978 and reallocated the FICA rate to improve the balance of the OASI trust fund in 1979.

e. P.L. 96-403 is titled "An Act to amend title II of the Social Security Act to make necessary adjustments in the allocation of social security tax receipts between the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund."

f. The 1980 amendments provided for a temporary reallocation of the total tax rate to improve the balance of the OASI trust fund in 1980. In 1982, the change in the tax rates expired and more revenues were directed back to the DI trust fund.

g. The 1983 amendments reallocated the FICA and SECA rates to improve the balance of the OASI trust fund in 1983. In 1984, the total tax rate increased and the FICA rate was reallocated again to give additional revenues to the OASI trust fund.

h. The 1994 reallocation, which was enacted to improve the balance of the DI trust fund, occurred in three stages. The first and third stages reallocated the payroll tax rate from the OASI trust fund to the DI trust fund, while the second stage reallocated the tax rate from the DI trust fund to the OASI trust fund.

i. In 2016, the share of the payroll tax rate allocated to the DI trust fund increased and the share allocated to the OASI trust fund decreased. In 2019, the share allocated to the OASI trust fund is scheduled to increase and the share allocated to the DI trust fund is scheduled to decrease.

# House Rules Change in the 114th Congress Concerning Reallocations Between the Social Security Trust Funds

At the start of the 114th Congress, the House adopted a rule sponsored by Representative Sam Johnson intended to engender structural changes to SSDI.[72] Known as the "Johnson Rule," Section 3(q) of H.Res. 5 allows a point of order to be raised against legislation that would reduce the actuarial balance of the OASI trust fund by at least 0.01% of the present value of projected future taxable payroll over the 75-year period used in the most recent Social Security trustees report.[73] However, the point of order would not apply if the legislation, as a whole, were projected to improve the long-term actuarial balance of the OASI and DI trust funds on a combined basis. Therefore, a short-term financing measure (such as a reallocation) could be considered if it also included revenue increases, cost reductions, or both, even if those changes were projected to have very small positive effects on the theoretical combined OASDI trust funds.

In their 2015 report, the trustees project that the present value of future taxable payroll from 2015 through 2089 will be nearly $421 trillion.[74] The current threshold, therefore, is $42.1 billion (0.01% of $421 trillion).[75] CBO projects that the reallocation schedule enacted in the Bipartisan Budget Act of 2015 (H.R. 1314; P.L. 114-74) will increase income from payroll taxes to the DI trust fund by $117 billion and reduce income from payroll taxes to the OASI trust fund by the same amount.[76]

If the reallocation provision in the Bipartisan Budget Act of 2015 had been proposed as a standalone piece of legislation, it could have been vulnerable to a point of order under the new rule because it would have reduced the actuarial balance of the OASI trust fund by more than

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[72] Office of Rep. Sam Johnson, "House Passes Johnson Measure to Protect Social Security," press release, January 6, 2015, http://samjohnson.house.gov/news/documentsingle.aspx?DocumentID=397616. The House rule was also included in the FY2016 budget resolution (see Section 3301 of S.Con.Res. 11).

[73] For general information on points of order, see CRS Report 98-307, *Points of Order, Rulings, and Appeals in the House of Representatives*, by Valerie Heitshusen. *Actuarial balance* is the difference between a trust fund's summarized income and cost rates. The *summarized income rate* is the sum of the present value of non-interest income and the balance of the trust fund at the beginning of the 75-year period, expressed as a share of the present value of taxable payroll for the period. The *summarized cost rate* is the sum of the present value of cost over the 75-year period and the present value of the cost of reaching a trust fund ratio of 100% at the end of the period, expressed as a percentage of the present value of taxable payroll for the same period. *Present value* is "a single number that expresses a flow of past and future income (in taxes) or payments (in benefits) in terms of an equivalent lump sum received or paid at a specific time. The value depends on the rate of interest, known as the discount rate, used to translate past and future cash flows into current dollars at that time." See CBO, *Social Security Policy Options, 2015*, December 2015, p. 91, https://www.cbo.gov/publication/51011.

[74] 2015 Social Security Trustees Report, Table IV.B6.

[75] SSA's Chief Actuary, Stephen C. Goss, told *Politico* in January 2015 that the threshold under H.Res. 5 was $38.6 billion. That threshold was based on the present value of projected future taxable payroll in the *2014 trustees report* (0.01% of $386.884 trillion is $38.6884 billion). See David Rogers, "Republicans target Social Security disability," *Politico*, January 20, 2015, http://www.politico.com/story/2015/01/republicans-target-social-security-114382. See also U.S. Congress, House Committee on Ways and Means, *The 2014 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, 113th Cong., 2nd sess., July 28, 2014, H.Doc. 113-139 (Washington: GPO, 2015), Table IV.B5, https://www.ssa.gov/oact/tr/2014/IV_B_LRest.html#493472.

[76] CBO, *Estimate of the Budgetary Effects of H.R. 1314, the Bipartisan Budget Act of 2015, as reported by the House Committee on Rules on October 27, 2015*, p. 5, footnote 2, https://www.cbo.gov/publication/50938.

$42.1 billion. However, because the budget agreement also contained several provisions that are projected to improve the long-term actuarial balance of the theoretical combined OASDI trust funds by 0.04% of taxable payroll, the point of order under Section 3(q) of H.Res. 5 was not applicable during House consideration of the Bipartisan Budget Act of 2015.[77]

# Long-Term Policy Options

To improve the financial outlook of the DI trust fund over the long term, Congress could consider a variety of legislative changes to increase tax revenues, reduce program cost (i.e., alter benefit levels or program eligibility requirements), or some combination of those approaches. The last major congressional effort to address the financial condition of one of the Social Security trust funds occurred in the early 1980s with the passage of the Social Security Amendments of 1983 (P.L. 98-21). Under the 1983 amendments, Congress used a combination of revenue increases and cost reductions to stabilize and eventually improve the solvency of the OASI trust fund.[78] Congress could enact similar legislation to improve the long-term solvency of either the DI trust fund only or both trust funds.

For information on reform proposals that would affect the solvency of the DI trust fund (or both trust funds), see the following resources:

- CRS Report R43054, *Social Security Disability Insurance (SSDI) Reform: An Overview of Proposals to Manage the Growth in the SSDI Rolls*, by William R. Morton;
- CBO's 2012 report, *Policy Options for the Social Security Disability Insurance Program*, at http://www.cbo.gov/publication/43421;
- CBO's 2015 report, *Social Security Policy Options, 2015*, at https://www.cbo.gov/publication/51011;
- OACT's *Summary of Provisions That Would Change the Social Security Program*, at https://www.ssa.gov/oact/solvency/provisions/summary.pdf;
- OACT's collection of cost estimates for various proposals affecting the solvency of the trust funds at https://www.ssa.gov/oact/solvency/index.html; and
- the Government Accountability Office's (GAO) 2015 report, *Social Security's Future: Answers to Key Questions*, at http://www.gao.gov/products/GAO-16-75SP.

[77] For more information on the effects of other provisions in the Bipartisan Budget Act of 2015 on the solvency of the Social Security trust funds, see OACT Letter to Speaker Boehner, October 2015.

[78] See John A. Svahn and Mary Ross, "Social Security Amendments of 1983: Legislative History and Summary of Provisions," *Social Security Bulletin*, vol. 46, no. 7 (July 1983), https://socialsecurity.gov/policy/docs/ssb/v46n7/v46n7p3.pdf.

# Appendix A. Congressional Rationale for the Creation of a Separate DI Trust Fund

The creation of a separate DI trust fund came about during the debate over the establishment of SSDI as part of the Social Security Amendments of 1956 (P.L. 84-880).[79] Since the late 1930s, policymakers had discussed proposals to amend the Social Security Act to provide covered workers with disability insurance.[80] However, persistent disagreements among policymakers over how to implement a disability insurance program or whether such a program should be enacted at all derailed most proposals early in the deliberative process.[81] Nevertheless, by the 1950s, there was enough support for the creation of a federal disability insurance program for Congress to consider the matter.[82]

On July 11, 1955, Representative Jere Cooper (D-TN), the chair of the House Committee on Ways and Means, introduced a bill to amend Title II of the Social Security Act to provide monthly benefits to insured workers aged 50 to 64 with qualifying impairments, among other provisions (H.R. 7225). Under the bill, disability benefits would have been paid from the OASI trust fund and payroll tax rates would have been increased to cover the associated costs. The House report accompanying H.R. 7225 did not discuss the creation of a separate trust fund for the proposed disability insurance program.[84] The House passed H.R. 7225, with amendments, by a vote of 372 (169-R, 203-D) to 31 (23-R, 8-D) on July 18, 1955 (R = Republican, D = Democrat).[85]

**Origins of Social Security (OASDI)**

**1935 (Old-Age Insurance):** The Social Security Act (P.L. 74-271) created a national old-age benefits program, covering nearly all workers in commerce and industry and providing monthly pensions at age 65 for insured workers.

**1939 (Survivors Insurance):** The Social Security Amendments of 1939 (P.L. 76-379) amended Title II of the Social Security Act to provide monthly benefits to eligible dependents and survivors of insured workers. The 1939 amendments also established the OASI trust fund.[83]

**1956 (Disability Insurance):** The Social Security Amendments of 1956 (P.L. 84-880) amended Title II to provide monthly benefits to insured workers aged 50 to 64 with qualifying impairments. The 1956 amendments also created the DI trust fund.

[79] See Charles I. Schottland, "Social Security Amendments of 1956: A Summary and Legislative History," *Social Security Bulletin*, vol. 19, no. 9 (September 1956), https://www.ssa.gov/policy/docs/ssb/v19n9/.

[80] Edward D. Berkowitz, *Disabled Policy: American's Programs for the Handicapped* (New York: Cambridge University Press, 1987), pp. 41-78 (hereinafter "Berkowitz 1987").

[81] Ibid. See also U.S. Congress, House Committee on Ways and Means, *Committee Staff Report on the Disability Insurance Program*, prepared by the Staff of the Committee of on Ways and Means, 93rd Cong., 2nd sess., July 1974 (Washington: GPO, 1974), pp. 107-113, http://www.ssa.gov/history/reports/dibhistory.html.

[82] Ibid. See also John R. Kearney, "Social Security and the 'D' in OASDI: The History of a Federal Program Insuring Earners Against Disability," *Social Security Bulletin*, vol. 66, no. 3 (August 2006), https://www.ssa.gov/policy/docs/ssb/v66n3/v66n3p1.html.

[83] The OASI trust fund superseded the Old-Age Reserve Account created under the Social Security Act in 1935 (P.L.74-271). The OASI trust fund became effective on January 1, 1940. For more information on the origins of the OASI trust fund and Old-Age Reserve Account, see Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, *First Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund*, January 3, 1941, https://www.ssa.gov/history/reports/trust/tf1941.html.

[84] U.S. Congress, House Committee on Ways and Means, *Social Security Amendments of 1955*, report to accompany H.R. 7225, 84th Cong., 1st sess., July 14, 1955, H.Rept. 1189.

[85] "Social Security Amendments of 1955," *Congressional Record*, vol. 101, part 8 (July 18, 1955), Roll call no. 119, not voting 29, pp. 10798-10799. See also SSA, "Vote Tallies: 1956 Social Security Amendments,"

Although H.R. 7225 passed overwhelmingly in the House, the bill faced marked opposition in the Senate. One of the main concerns among Members who opposed the bill was the uncertainty over its potential cost. Some lawmakers worried that economic downturns would impel unemployed workers to apply to the disability insurance program, affecting the solvency of the OASI trust fund. Given these concerns, the Senate Committee on Finance removed the disability insurance provisions from H.R. 7225. The Senate report accompanying the 1956 amendments stated,

> Difficulties in determining eligibility, and other factors, lead to uncertainty as to the future costs of a cash disability program. Cost estimates in the field of disability benefits, as pointed out by the Chief Actuary of the Social Security Administration, are subject to a wider range of variation than are estimates for other types of benefits. The basic cost estimates which have been presented to the committee were based on high employment conditions; under low employment conditions, the cost would be significantly higher. The old-age and survivors insurance system is on a sound financial basis; your committee strongly believes that it must be kept so and should not be altered by adding a benefit feature that could involve substantially higher costs than can be estimated.[86]

During Senate floor debate on H.R. 7225, Senator Walter F. George (D-GA) offered an amendment reinstating the disability insurance program along with the tax increase to finance it. To address concerns that a disability insurance program would pose a risk to the solvency of the OASI trust fund, the George amendment provided for a separate trust fund from which disability benefits would be paid. Supporters of the George amendment argued that a separate DI trust fund would isolate the OASI trust fund from any cost increases stemming from the new disability insurance program. For instance, during floor debate, Senator Thomas C. Hennings, Jr. (D-MO) remarked,

> The pending proposal, which the senior Senator from Georgia has submitted for himself ... proposes to set aside a separate trust fund for disability, and consequently does not go so far as to include it within the social-security framework. I believe this to be an extremely workable compromise—one which will eliminate any fear that the old-age and survivors insurance fund will be endangered, although I for one never shared this concern.[87]

Opponents of the George amendment argued that the creation of a separate DI trust fund would not sufficiently address their concerns about the potential cost of the program. Senator Wallace F. Bennett (R-UT) noted,

> The supporters of this amendment tell us that by setting up a separate trust fund they are not going to jeopardize the actuarial balance of the program of social security. I think it is rather obvious that once this amendment is enacted, there is small chance that the program would be discontinued because of lack of funds. The pressure to provide the necessary funds, either through direct Government grant or through increased taxes on the social security taxpayers, would demand the employment of one of those alternatives.[88]

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https://www.ssa.gov/history/tally56.html. CRS was unable to find any discussion of a separate DI trust fund during the House floor debate on H.R. 7225.

[86] U.S. Congress, Senate Committee on Finance, *Social Security Amendments of 1956*, 84th Cong., 2nd sess., June 5, 1956, S.Rept. 2133, p. 4, http://www.finance.senate.gov/imo/media/doc/Rpt84-2133.pdf.

[87] Sen. Thomas C. Hennings, Jr., "Social Security Amendments of 1956," Senate debate, *Congressional Record*, vol. 102, part 10 (July 17, 1956), p. 13043.

[88] Sen. Wallace F. Bennett, "Social Security Amendments of 1956," Senate debate, *Congressional Record*, vol. 102, part 10 (July 17, 1956), p. 13035.

The Senate narrowly passed the George amendment by a vote of 47 (6-R, 41-D) to 45 (38-R, 7-D).[89] The Senate went on to pass its version of H.R. 7225 by a vote of 90 (45-R, 45-D) to 0 on July 17, 1956.[90]

In conference, the House adopted the Senate provision establishing a separate DI trust fund.[91] The conference report on H.R. 7225 was cleared, without amendments, by voice votes in the House on July 26, 1956,[92] and in the Senate on July 27, 1956.[93] Following consideration of the conference report, Senator George stated in support of his amendment:

> Another feature of our proposal is that the funds for disability payments are earmarked in a wholly separate fund. These moneys will not be commingled in any way with the funds for old age insurance or for widows and orphans. The contribution income and the disbursements for disability payments will be kept completely distinct and separate. In this way the cost of disability benefits always will be definitely known and the costs always will be shown separately.
>
> The disability program is limited to a total of one-quarter of 1 percent of payroll from employers, one-quarter of 1 percent from employees' and three-eighths of 1 percent from the self-employed and disbursements cannot exceed the amount available for this purpose. Thus, the argument that has been made against the original proposal as considered by the Finance Committee, namely, that the cost of the proposal cannot be determined, is met by our amendment. Moreover, another argument that was made against the original proposal that the program eventually may cost more than originally estimated and may thus divert some of the funds from old-age or survivors insurance is also met by our proposal. Senators who have had any doubts about the financial aspects of the proposal can vote for the amendment with complete assurance as to its financial soundness.[94]

The DI trust fund was established on August 1, 1956—the day President Dwight D. Eisenhower signed into law the Social Security Amendments of 1956 (P.L. 84-880).[95]

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[89] "Social Security Amendments of 1956," *Congressional Record*, vol. 102, part 10 (July 17, 1956), not voting 4, p. 13056. For background information on the George amendment, see SSA, "Legislative History: 1993 Disability Forum," https://www.ssa.gov/history/dibforum93.html. See also Berkowitz 1987, pp. 73-77.

[90] "Social Security Amendments of 1956," *Congressional Record*, vol. 102, part 10 (July 17, 1956), p. 13103.

[91] U.S. Congress, Conference Committee, *Social Security Amendments Act of 1956*, report to accompany H.R. 7225, 84th Cong., 2nd sess., July 26, 1956, H.Rept. 2936, pp. 25-26, http://www.finance.senate.gov/imo/media/doc/ConfRpt84-2936.pdf.

[92] "Amending Title II of Social Security Act," House, *Congressional Record*, vol. 102, part 11 (July 26, 1956), p. 14828.

[93] "Social Security Act Amendments of 1956—Conference Report," *Congressional Record*, vol. 102, part 11 (July 27, 1956), p. 15107.

[94] Sen. Walter F. George, "Social Security Act Amendments of 1956—Conference Report," remarks in the Senate, *Congressional Record*, vol. 102, part 11 (July 27, 1956), p. 15108.

[95] U.S. Department of Health, Education, and Welfare, SSA, *Social Security Amendments of 1956 Volume 1*, 84th Congress, Downey Books, https://www.ssa.gov/history/legislativehistory.html.

# Appendix B. Key Dates Projected for the Social Security Trust Funds

**Table B-1. Key Dates Projected for the Social Security Trust Funds as Shown Under the Intermediate Assumptions in Trustees Reports from 1983 to 2015**

| Year of Report | Year of Projected Depletion | | | Year That Cost First Exceeds Non-Interest Income | | | Year That Cost First Exceeds Total Income | | |
|---|---|---|---|---|---|---|---|---|---|
| | OASI | DI | OASDI | OASI | DI | OASDI | OASI | DI | OASDI |
| Intermediate II-B Projections[a] | | | | | | | | | |
| 1983 | [b] | [b] | [b] | [c] | [c] | 2021 | [c] | [c] | 2047 |
| 1984 | [b] | 2050 | [b] | 2021 | 2012 | 2021 | 2045 | 2038 | 2044 |
| 1985 | 2050 | 2034 | 2049 | 2019 | 2010 | 2019 | 2032 | 2020 | 2032 |
| 1986 | 2054 | 2026 | 2051 | 2020 | 2009 | 2019 | 2035 | 2017 | 2033 |
| 1987 | 2055 | 2023 | 2051 | 2020 | 2008 | 2019 | 2036 | 2013 | 2033 |
| 1988 | 2050 | 2027 | 2048 | 2019 | 2009 | 2019 | 2033 | 2016 | 2032 |
| 1989 | 2049 | 2025 | 2046 | 2019 | 2009 | 2018 | 2032 | 2014 | 2030 |
| 1990 | 2046 | 2020 | 2043 | 2019 | 2008 | 2017 | 2030 | 2011 | 2028 |
| Intermediate Projections | | | | | | | | | |
| 1991 | 2045 | 2015 | 2041 | 2018 | 1998 | 2017 | 2030 | 2011 | 2028 |
| 1992 | 2042 | 1997 | 2036 | 2018 | 1992 | 2016 | 2028 | 1992 | 2024 |
| 1993 | 2044 | 1995 | 2036 | 2019 | 1993 | 2017 | 2030 | 1993 | 2025 |
| 1994 | 2036 | 1995 | 2029 | 2016 | 1994 | 2013 | 2024 | 1994 | 2019 |
| 1995 | 2031 | 2016 | 2030 | 2014 | 2003 | 2013 | 2021 | 2007 | 2020 |
| 1996 | 2031 | 2015 | 2029 | 2014 | 2003 | 2012 | 2021 | 2007 | 2019 |
| 1997 | 2031 | 2015 | 2029 | 2014 | 2004 | 2012 | 2021 | 2007 | 2019 |
| 1998 | 2034 | 2019 | 2032 | 2015 | 2006 | 2013 | 2023 | 2009 | 2021 |
| 1999 | 2036 | 2020 | 2034 | 2015 | 2006 | 2014 | 2024 | 2009 | 2022 |
| 2000 | 2039 | 2023 | 2037 | 2016 | 2007 | 2015 | 2026 | 2012 | 2025 |
| 2001 | 2040 | 2026 | 2038 | 2016 | 2008 | 2016 | 2027 | 2015 | 2027 |
| 2002 | 2043 | 2028 | 2041 | 2018 | 2009 | 2017 | 2028 | 2018 | 2027 |
| 2003 | 2044 | 2028 | 2042 | 2018 | 2008 | 2018 | 2030 | 2018 | 2028 |
| 2004 | 2044 | 2029 | 2042 | 2018 | 2008 | 2018 | 2029 | 2017 | 2028 |
| 2005 | 2043 | 2027 | 2041 | 2018 | 2005 | 2017 | 2028 | 2014 | 2027 |
| 2006 | 2042 | 2025 | 2040 | 2018 | 2005 | 2017 | 2028 | 2013 | 2027 |
| 2007 | 2042 | 2026 | 2041 | 2018 | 2005 | 2017 | 2028 | 2013 | 2027 |
| 2008 | 2042 | 2025 | 2041 | 2018 | 2005 | 2017 | 2028 | 2012 | 2027 |
| 2009 | 2039 | 2020 | 2037 | 2017 | 2005 | 2016 | 2025 | 2009 | 2024 |

| Year of Report | Year of Projected Depletion | | | Year That Cost First Exceeds Non-Interest Income | | | Year That Cost First Exceeds Total Income | | |
|---|---|---|---|---|---|---|---|---|---|
| | OASI | DI | OASDI | OASI | DI | OASDI | OASI | DI | OASDI |
| 2010 | 2040 | 2018 | 2037 | 2018 | 2005 | 2015 | 2026 | 2009 | 2025 |
| 2011 | 2038 | 2018 | 2036 | 2017 | 2005 | 2010 | 2025 | 2009 | 2023 |
| 2012 | 2035 | 2016 | 2033 | 2010 | 2005 | 2010 | 2023 | 2009 | 2021 |
| 2013 | 2035 | 2016 | 2033 | 2010 | 2005 | 2010 | 2022 | 2009 | 2021 |
| 2014 | 2034 | 2016 | 2033 | 2010 | 2005 | 2010 | 2022 | 2009 | 2020 |
| 2015[d] | 2035 | 2016 | 2034 | 2010 | 2005 | 2010 | 2022 | 2009 | 2020 |

**Source:** CRS, based on data from the 1983 to 2015 Social Security trustees reports and information provided by SSA.

a. From 1983 to 1990, two intermediate forecasts were prepared (II-A and II-B). The intermediate II-B forecast corresponds more closely to the intermediate forecast in subsequent years.

b. Trust fund expected to remain solvent throughout the long-range projection period.

c. Not available.

d. The depletion dates in the 2015 trustees report were projected before the enactment of the Bipartisan Budget Act of 2015 (P.L. 114-74).

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