

US federal disability insurance trust to be depleted next year

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The Social Security Disability Insurance (SSDI) Trust Fund will be completely depleted by the fourth quarter of 2016, according to a report released Wednesday by the Trustees of the Social Security and Medicare. Without action by Congress, the fund would have to limit payments to 11 million disability recipients to the amount collected in payroll taxes for that purpose, forcing a cut in benefits of 20 percent.

Although the funding crisis can be solved with a mundane technical fix by Congress, allowing disability payments to come from the main Social Security Trust Fund rather than the smaller SSDI account, the political establishment is using this manufactured crisis to push for deep cuts to disability benefits.

Social Security's main retirement trust (OASDI) is comparatively better funded, and is not projected to run out of money, if current trends continue, until 2034, at which point benefit payments would be reduced to the level funded by incoming payroll taxes. In contrast to regular claims that Social Security and Medicare are "broke," the trusts which fund the two programs are worth a combined \$2.4 trillion and ran a total surplus of \$25 billion last year, according to Wednesday's report.

In the past, funding discrepancies between OASDI and SSDI were rectified by Congress voting to reallocate taxes from one trust to the other. This is a routine procedure that has been carried out eleven times in the past, and if it were enacted now it would extend the depletion date for disability benefits by another 20 years, according to the Social Security commissioner.

However, the new Republican majority in Congress, anticipating the impending funding shortfall, surreptitiously inserted a provision in the House rules passed this January that blocks any such measure unless it is accompanied by corresponding cuts to disability spending. This was fraudulently portrayed by

Republicans as an attempt to safeguard the financial integrity of the retirement trust. In reality, the goal is to further dismantle federal entitlement programs and push people off of disability and back into the job market, where they would find nothing but low-wage labor, if anything.

Both corporate-controlled parties share responsibility for this entirely contrived funding crisis. Government projections as far back as 1995 showed that the SSDI trust would be depleted by 2016, but successive Democratic and Republican administrations took no action. A temporary cut in the payroll tax which funds the trusts in 2011 and 2012, pushed for by the Obama administration, led to a further draining of \$200 billion in revenues from Social Security and Medicare.

Democrats are currently posturing as defenders of Social Security against the Republican intransigence. California congressman Xavier Becerra proposed a bill, which has no chance of passing the Republican-controlled Congress, to merge the two Social Security trust funds, sidestepping the House rules passed by Republicans.

In all likelihood however, the "fight" over this contrived crisis will follow the script that has been followed in previous budget standoffs, such as the so-called "fiscal cliff" in January 2013. The role played by Republicans will to stake out the most extreme right-wing positions, while the Democrats advocate more "moderate" measures, eventually leading to a compromise solution containing sweeping cuts to social spending.

Significantly, Medicare's Hospital Insurance Trust Fund is projected to be depleted by 2030, 13 years later than before the passage of the Affordable Care Act, commonly known as Obamacare. This is not due to increased funding for the program, but rather due to

declining healthcare spending, which the Trustees report expects to continue to fall “substantially.”

In March of this year, Congress, with the near-unanimous support of both parties and the enthusiastic backing of Obama, passed sweeping attacks on Medicare, incentivizing doctors to withhold expensive procedures and tests, while undermining Medicare as an entitlement program by introducing means-tested premium hikes.

The report of the trustees also predicts a “better than 50 percent chance” that there will be no cost-of-living increase for Social Security recipients in 2016. Benefits for Social Security have risen by less than 2 percent for the past three years, barely enough to keep up with inflation.



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