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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING THE SOCIAL SECURITY ADMINISTRATION

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing examining the Social Security Administration:

Mr. Chairman, thank you for scheduling this hearing. I join you in welcoming Commissioner Astrue.

The Social Security Administration oversees numerous programs and is responsible for stewardship of significant taxpayer resources. We are all interested in hearing from the Commissioner about his stewardship of those resources, his plans for the future, and his strategies for confronting existing and ongoing challenges facing Social Security's programs.

A few short weeks ago, we received a reminder of some of the challenges facing Social Security's finances in the annual report of the Trustees. According to the report, the combined Old-Age and Survivors Insurance and Disability Insurance Trust Funds within Social Security are projected to be exhausted in 2033, three years sooner than in the previous year's report. The Trustees identify that as the system is currently structured, Social Security beneficiaries face benefit cuts of as much as 25 percent in 2033, with further cuts thereafter. To state things simply, current promises embedded in Social Security cannot be sustained given the system's existing structure.

Worse yet, the Disability Insurance Trust Fund is projected to become exhausted in 2016, less than four years from now, and two years earlier than estimated just one year ago. Absent changes, disabled workers will very soon face the real threat of a 21 percent benefit cut in 2016. And with the recent explosive growth in the ranks of Disability Insurance benefit recipients, far outpacing growth in the general working population, 2016 might be a rosy outlook in terms of when the Disability Trust Fund actually becomes exhausted. Benefit payments in the Disability Insurance program have increased by a remarkable 134 percent since 2000.

Following the fiscal cliff that we face at the end of this year, we have a solvency cliff in 2016 for the Disability Insurance program and then another solvency cliff for the Social Security

retirement program. Yet in the face of these known dangers, we continue to kick the can down the road, instead of addressing the known problems. We should not act like Thelma and Louise when it comes to Social Security and our economy by driving them off a cliff into an abyss of insolvency and economic decline.

Inaction is irresponsible. As the President remarked recently in advocating more tax-and-spend policies, the fact that this is an election year is *not an excuse for inaction*. Unfortunately, I am not aware of any plans by the administration to tackle the looming exhaustion of the Disability Insurance Trust Fund or the general unsustainability of Social Security. As far as Social Security is concerned, it appears that this being an election year IS the administration's reason for inaction and is just another excuse for them to kick the can down the road once again.

So many tax provisions expire at the end of this year that a dangerous fiscal cliff has formed. By not acting now, we are just stepping on the accelerator even as we are already perilously close to the cliff. Inaction for the rest of this year only invites careless and hasty decision making, which leads to bad policy. I urge the administration to work with Congress on the mountainous to-do list of expiring tax provisions and unsustainable entitlement promises in the interest of sound policymaking, certainty, and the provision of an economic environment fertile for growth in jobs and the economy generally.

There is no reason to delay efforts that will place the programs in Social Security on a sustainable financial path. As virtually everyone acknowledges, the sooner we address the issue, the better.

Mr. Chairman, thank you again for holding this hearing. Commissioner Astrue, thank you for your service and for joining us today. I look forward to hearing about your budget, your challenges, and your plans for the Social Security system.

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