



GAO Report Summary: Black Lung Benefits Program *Options for Improving Trust Fund Finances*

Ranking Member Bobby Scott (VA-03), Committee on Education and the Workforce, and Ranking Member Richard Neal (MA-01), Committee on Ways and Means, requested that the Government Accountability Office (GAO) [investigate the solvency of the Black Lung Disability Trust Fund](#) given the slated 55 percent reduction in the excise tax rate on coal. The GAO examined (1) factors that have challenged the financial position of the Trust Fund since its inception and (2) the extent to which Trust Fund debt will be impacted by the sunset of the tax rate on December 31, 2018, and (3) provided options to improve its future financial position through 2050.

Background

Black Lung Disability Trust Fund was established in 1978 to pay benefits to disabled miners suffering from black lung disease when the coal company responsible for paying benefits is bankrupt, closed or otherwise not able to pay. It is funded through an excise tax on coal, which is \$1.10 per ton of under-ground mined coal and \$0.55 per ton of surface-mined coal. Those rates are due to sunset, when they will revert to \$0.50 and \$0.25 per ton, respectively. Of the 25,700 miners and survivors receiving benefits, nearly 75 percent receive compensation and health care from the Trust Fund. Today, the Trust Fund is \$5.8 billion in debt (principal and capitalized interest).

Method

The GAO reviewed Trust Fund financial data from fiscal years 1979 through 2017; interviewed officials from the Departments of Labor, Treasury, Health and Human Services (HHS), representatives of the coal industry and labor unions; and considered coal production projections from the Energy Information Administration to develop a range of assumptions and scenarios to simulate the future financial status of the Trust Fund.

Findings

The Black Lung Disability Trust Fund's existing debt will reach unsustainable levels if we do not act. Specifically, the scheduled sunset of the black lung excise tax rate on December 31, 2018 will cause the Trust Fund debt to rise from approximately \$5 billion to more than \$15 billion by 2050.

- Option 1: Extend the current excise tax rate, which would result in an estimated \$4.5 billion debt by 2050.
- Option 2: Increase the tax rate by approximately 25 percent (raise tax by \$0.14 per ton for surface-mined coal or \$0.28 per ton for underground-mined coal), which would eliminate the debt by 2050.
- Option 3: Allow the tax rate to expire, cancel the current debt, and appropriate \$7.8 billion to the Fund. However, this option shifts liability from the coal industry to taxpayers.

Cutting benefit eligibility to miners and their families will not solve the funding challenges facing the Trust Fund. Even if the Labor Department permanently stopped paying coal miners' benefits next year, GAO estimates the Trust Fund would still be more than \$6 billion in debt in 2050.

Bottom Line

The GAO report crystalizes the options: Either the administration and Congress at least extend the current tax rate on coal before it sunsets at the end of this year, or taxpayers will be forced to cover the cost. If the debt reaches unsustainable levels – as it did in the early 1980s – history could repeat itself and eligibility for miners' benefits could be reduced.