What GAO Found

Multiple factors have challenged Black Lung Disability Trust Fund (Trust Fund) finances since it was established about 40 years ago. Its expenditures have consistently exceeded its revenues, interest payments have grown, and actions taken that were expected to improve Trust Fund finances did not completely address its debt. When necessary to make expenditures, the Trust Fund borrows with interest from the Department of the Treasury’s (Treasury’s) general fund. Because Trust Fund expenditures have consistently exceeded revenue, it has borrowed almost every year since 1979, its first complete fiscal year, and as a result debt and interest payments increased. Legislative actions were taken over the years including (1) raising the rate of the coal tax that provides Trust Fund revenues and (2) forgiving debt. For example, the Energy Improvement and Extension Act of 2008 provided an appropriation toward Trust Fund debt forgiveness; about $6.5 billion was forgiven, according to Department of Labor (DOL) data (see figure). However, coal tax revenues were less than expected due, in part, to the 2008 recession and increased competition from other energy sources, according to DOL and Treasury officials. As a result, the Trust Fund continued to borrow from Treasury’s general fund from fiscal years 2010 through 2017 to cover debt repayment expenditures.

Trust Fund Actual and Simulated Outstanding Debt, fiscal years 1979 through 2050

The simulation suggests that Trust Fund borrowing will likely increase from fiscal years 2019 through 2050 due, in part, to the coal tax rate decrease of about 55 percent that will take effect in 2019 and declining coal production. The simulation estimates that Trust Fund borrowing may exceed $15 billion by 2050 (see figure). However, various options, such as adjusting the coal tax and forgiving interest or debt, could reduce future borrowing and improve the Trust Fund’s financial position. For example, maintaining the current coal tax rates and forgiving debt of $2.4 billion could, under certain circumstances, balance the Trust Fund by 2050, whereby revenue would be sufficient to cover expenditures. However, a coal industry representative said that maintaining or increasing the coal tax would burden the coal industry, particularly at a time when coal production has been declining. Further, Treasury officials noted that the costs associated with forgiving Trust Fund interest or debt would be paid by taxpayers.