

SOCIAL SECURITY RESOLUTIONS

1. **RESOLUTION:** Remove Social Security Trust Fund operations completely from the budget process including all calculations of the annual deficit reduction targets.

COMMENT: I supported the provisions in the 1983 Social Security Amendments and the Gramm-Rudman-Hollings legislation that not only removed Social Security from the unified budget, but also prohibited the Congress from including any changes in Social Security in a budget resolution measure. These changes make it clear that Social Security is not to be part of the budget process. I see no reason to change this situation.

The budget must show all Federal revenues, outlays and the deficit without Social Security; they also show the off-budget totals with Social Security included. I question whether taking the additional step of removing the Trust Fund operations from any other calculations would further protect the Trust Funds.

2. **RESOLUTION:** Restore benefit equity to the Social Security program by correcting the unintended, rapid reduction in benefits for persons born after 1916. Notch reduction averages in the five year transition are more than double congressional intent. (1977 Social Security Amendments)

COMMENT: I agree that the Social Security benefits of those born between 1917 and 1921, the so-called "notch babies", are inequitably low as compared to those born prior to that time, and that some modification is appropriate. There was nothing magic about the design of the original transition period -- in fact there was a diversity of opinion between the House and Senate as to those it should cover and the extent of the adjustment to be provided. I have pressed for GAO to release as quickly as possible a study requested by Congress to review the notch issues. The study will assist us in sorting through the number of proposals that have been introduced which vary in cost from \$24 billion to \$248 billion. With such large and broad disparities in costs of these proposed corrections, it is imperative that we have all the facts in front of us before taking final action. While I have not indicated support for only one specific proposal, I believe we can, and should, come to some agreement on an equitable solution that will provide better treatment for the "notch babies" while preserving the long-term solvency of the Social Security Trust Fund.

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3. **RESOLUTION:** Maintain the solvency of the Social Security Trust Funds on a sound, pay-as-you-go basis by reducing future payroll tax rates to the lowest possible level consistent with the maintenance of a healthy Trust Fund reserve and the payment of full and fair benefits to current and future retirees.

COMMENT: I am proud to have been a member of the 1982 Bipartisan Commission that was responsible for devising a compromise that restored the solvency of the Social Security Trust Fund. In addition, I am proud of my record of leadership on and support of other Federal programs which directly aid senior citizens. In 1982, we made decisions regarding future payroll tax rates and the need for reserves based on the best information we had available to us. I agree that we should keep payroll tax levels as low as possible. However, the fact that Social Security is taking in more money than it needs to pay current benefits does not necessarily mean the system is overfinanced. It may just mean the 1983 reform legislation has been successful -- and that we've had a sustained period of economic growth and low inflation. While we've shored up the system for a while, there does not appear to be any extra money lying around. When the baby-boom generation starts to retire, program costs will explode. And there is, of course, a medicare financing problem down the road.

The most recent Trustees Report shows that the retirement program's income should cover 97 percent of its costs over the next 75 years. As a result, the trustees deem the program to be in close actuarial balance. However, the trustees project a substantial shortfall of revenue for the entire Social Security System including medicare.

There is no question Social Security needs to accumulate some reserves. But, we must be mindful of the potential problems with a very large reserve -- if one should materialize.

We might have to look at some modification in the Social Security tax increases now scheduled, but we wouldn't want to do anything that undermines long-term solvency and puts at risk the future benefits of our children and grandchildren.

4. **RESOLUTION:** Assure the administrative integrity of the Social Security Administration by restoring Social Security to its original status as an independent government agency governed by its own Board of Directors appointed by the President and confirmed by the Senate.

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COMMENT: In 1983, Congressman Rostenkowski of Illinois and I established a panel to review this issue. Therefore, I would certainly be willing to consider supporting efforts to make Social Security an independent agency. We must make every effort to bolster public confidence in the integrity of the Social Security System -- both it's financial soundness and administrative fairness. I would want to make certain, however, that in making the agency independent to lessen some of the perceived management problems, such a move does not create problems for other programs which assist senior citizens.

However, I believe it is impossible to consider in complete isolation policies relating to a program as large and significant as Social Security. This is particularly true given its relationship to programs like medicare and SSI. No one doubts that Social Security plays a major role in our society. The potential affects of Social Security on our economy and society cannot be ignored by any Administration, Congress or the agency that administers the program, be it independent or not.