

NOMINATION OF WILLIAM A. HALTER

HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ONE HUNDRED SIXTH CONGRESS
FIRST SESSION
ON THE
NOMINATION OF
WILLIAM A. HALTER, TO BE DEPUTY COMMISSIONER,
SOCIAL SECURITY ADMINISTRATION

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OCTOBER 26, 1999
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**NOMINATION OF WILLIAM A. HALTER,
TO BE DEPUTY COMMISSIONER,
SOCIAL SECURITY ADMINISTRATION**

TUESDAY, OCTOBER 26, 1999

**U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.**

The hearing was convened, pursuant to notice, at 12:15 p.m., in room 215, Dirksen Building, Hon. William V. Roth, Jr. (chairman of the committee) presiding.

Also present: Senator Moynihan.

OPENING STATEMENT OF HON. WILLIAM V. ROTH, JR., A U.S. SENATOR FROM DELAWARE, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. The committee will please be in order.

We will now turn to the nomination of William A. Halter as Social Security Deputy Commissioner. There is no question how important this nomination is. Social Security is vital to America as it touches the lives of virtually everyone at some point, whether it be in retirement, at the death of a parent or spouse, or when a worker becomes disabled.

I have a pretty extensive statement here. Rather than read it, I will include it, if there is no objection.

[The prepared statement of Chairman Roth appears in the appendix.]

The CHAIRMAN. I did want to make one observation. We must focus on how well the agency is managed. That is, I think, an issue that has received too little attention. Just last month, the Social Security Advisory Board issued a report citing serious problems in service to the public.

There has been a series of reports from the GAO also raising management concerns and citing inadequate responses to fraud and abuse. These cannot stand, and I think it is clear that these are issues that should have the attention of our committee.

Senator Moynihan?

**OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN,
A U.S. SENATOR FROM NEW YORK**

Senator MOYNIHAN. I would like to make two observations, sir. The first, is that I believe this is the first occasion, Senator, that you have been before us.

Senator LINCOLN. Yes, sir.

Senator MOYNIHAN. You are very welcome.

Senator LINCOLN. Thank you.

Senator MOYNIHAN. It will by no means be the last.

Second, on the point you made, we passed the Social Security Independence and Program Improvements Act on August 15, 1994, and it provided for a deputy commissioner. We have statutory terms, as you know, so we keep this out of Presidential cycles and things like that.

But, sir, you only now appear. And it is not your fault, obviously, but someone in the administration has not thought it sufficiently important to fill a statutory office with a fixed term.

Mr. Halter will have an abbreviated term. Perhaps it will be extended; I hope it will. But, in any event, I want to welcome Senator Lincoln, and you, sir.

The CHAIRMAN. Well, thank you. We are also pleased to have Senator Lincoln here, and we call upon you for your introduction.

STATEMENT OF HON. BLANCHE LINCOLN, A U.S. SENATOR FROM ARKANSAS

Senator LINCOLN. Well, thank you, Mr. Chairman. I will be brief. But I would like to take just a personal moment here, to the Chairman and to the Ranking Member here. You two gentlemen have really been unbelievably kind to me as a new member of the U.S. Senate.

I reached out to both of you all on this committee on a couple of issues and you have both been wonderful for me and my staff to work with. Your staffs have been wonderful, and I would like to thank you all personally for that. It means an awful lot for those of us that are new members, when we do reach out, for you all to have such a warm response ready. So, I appreciate that.

A very special thanks to you, Mr. Chairman, to be before you today. I appreciate the opportunity to appear before the Senate Finance Committee and to introduce my friend Bill Halter to serve as Deputy Commissioner of the Social Security Administration.

It is a fellow Arkansan who, as you will hear, has quite a distinguished academic and professional background. He is a 1983 graduate of Stanford University, where he was a Truman scholar. He graduated from Stanford with honors and distinction in economics and political science. In 1986, he graduated from the prestigious Oxford University as a Rhodes scholar.

Presently, Mr. Halter serves as a senior advisor in the director's office within the Office of Management and Budget. Since 1993, he has provided counsel to OMB on policy issues, including review and evaluation of the management practices and budgets of the Federal cabinet departments.

Mr. Halter has served as an economist for the Joint Economic Committee of Congress and as a Chief Economist for this very distinguished committee as well.

He is being nominated to a critical Federal agency at an historic time in our Nation's history. Strengthening and preserving our Nation's Social Security system is one of the greatest challenges facing Congress and the administration.

In listening to both of you gentlemen, looking for solutions that will bring results—this is a result-oriented committee—and I think you all will agree that the gentleman that is here today can definitely bring about results and will work hard toward solutions.

It is imperative that, in order to meet the many challenges facing our Nation, the Social Security Administration should be led by our best, brightest, and most qualified. We can be sure that Mr. Halter brings outstanding skills and expertise to the Social Security Administration.

I know that you will find, as I have, that Mr. Halter is a man full of the enthusiasm, dedication, and the knowledge to be able to look for those solutions and to find those results.

I know his father is here in the audience, and equally is as proud of Mr. Halter as I am. I am also proud to say that he is a contemporary of mine, which is important, I think, in all of the debates that we are having.

I hope that the Finance Committee will favorably report the nomination of Mr. Halter to the Senate floor, and I look forward to supporting Mr. Halter's nomination.

I want to, again, thank you gentlemen for all that you have done for me, and certainly for allowing me to be here today in support of a good friend of mine. Thank you.

The CHAIRMAN. Well, thank you very much for being here today. We appreciate your gracious remarks.

Senator Hutchison has submitted a statement on your behalf.

[The prepared statement of Senator Hutchison appears in the appendix.]

The CHAIRMAN. Let me, at this stage, welcome your father. Would you please stand? I know this is a proud day for you.

Mr. Halter, would you please rise so that I can swear you in?

Thank you, Senator Lincoln, for coming.

[Whereupon, Mr. Halter was duly sworn.]

The CHAIRMAN. Thank you. Please be seated and proceed with your statement.

STATEMENT OF WILLIAM A. HALTER, NOMINATED TO BE DEPUTY COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, WASHINGTON, DC

Mr. HALTER. Thank you, Mr. Chairman. First, I would like to thank Senator Lincoln for those very gracious remarks and the introduction. It was terrific to have her here, and I really appreciate her taking the time out of her schedule to do that.

As you alluded, Mr. Chairman, Senator Hutchison has submitted a statement, and I appreciate that as well. Thank you for introducing and recognizing my father. I appreciate that.

Mr. Chairman, Senator Moynihan, I am honored to have been nominated by the President to serve as Deputy Commissioner of Social Security. It is a pleasure to return to this hearing room today and to briefly discuss the importance of Social Security in all Americans' lives.

Mr. Chairman, we have all seen the demographic projections forecasting the aging of America. Today, only about one in every eight Americans is at retirement age. By 2027, when I will reach retirement age, that number will be one in five.

We know that an aging population creates significant social and economic policy issues, and Social Security will be at the heart of these policy decisions. Ensuring the long-range solvency of the Social Security program is critical to our Nation as we move forward into the 21st century, and I hope to work with members of this committee on a bipartisan basis in crafting those reforms.

Beyond the large macroeconomic concerns about Social Security financing are real, kitchen table economic decisions and questions for millions of American families.

The first step in preparing for retirement should be to find out what Social Security will provide. Thanks largely to the foresight of Senator Moynihan and the work of this committee, that task is being made easier by an annual mailing of a Social Security Statement to 125 million workers over age 25.

As you know, the first of these statements was mailed earlier this month, and nearly every worker will receive an annual statement that explains what Social Security benefits he or she will be entitled to.

I believe this is one of the best information services we can provide, and nearly that it will help focus households' attention on their financial needs in retirement.

Of course, Social Security is about more than retirement, and the Deputy Commissioner of Social Security must be ready to address more than long-range solvency questions.

Among the most important challenges the agency faces are improving the disability decision making process, working to ensure the integrity of both the Social Security and SSI programs, and improving customer service, as you alluded to, Mr. Chairman, in your opening remarks.

In the past few years, the agency has made progress in these areas, but we must strive to do better. In the area of disability, the agency must reduce the time needed for rendering disability decisions while improving the consistency of those decisions.

The agency must also reduce the opportunity for fraud and abuse in these programs. This is not just sound management policy, it is an ethical responsibility of government to assure taxpayers that we are vigilant and careful in spending their tax dollars.

This is especially important for Social Security, since Social Security now accounts for about 25 cents of every Federal dollar spent.

Like millions of American families, my own family has benefited, and continues to benefit, from the protections that Social Security provides. Social Security is more than just an economic equation, it is an expression of community and it is a compact among generations that we must never abrogate.

Among the thousands of facts that we can cite about this program, one of the most telling is this: today only a little more than 10 percent of older Americans fall below the poverty line, but without Social Security, that number would be about 50 percent.

This is an extraordinary accomplishment by an extraordinary program, and I am honored that, if confirmed, I will have the opportunity to serve Americans in this important public trust.

Mr. Chairman, Senator Moynihan, I have been fortunate to have had a career of rich and diverse experiences. I would like to put my experience as a management consultant for Fortune 500 compa-

nies, as a staff member for this committee, as a trustee of Stanford University, and as a member of an administration focused on improving agency management, to work on behalf of Social Security.

Thank you very much. I would be happy to answer any questions you may have.

[The prepared statement of Mr. Halter appears in the appendix.]

The CHAIRMAN. Well, first, just let me say it is always a pleasure to see a former staff member of this committee move ahead.

Senator MOYNIHAN. Right.

The CHAIRMAN. We have three standard questions that we ask every nominee.

First, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. HALTER. No, Senator.

The CHAIRMAN. Second, do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. HALTER. No, Mr. Chairman.

The CHAIRMAN. Third, do you agree without reservation to respond to any reasonable summons to appear and testify before any duly-constituted committee of Congress, if you are confirmed?

Mr. HALTER. Yes, absolutely.

The CHAIRMAN. Mr. Halter, by law, the Commissioner of Social Security pretty much writes the job description for the Deputy. What do you expect your responsibilities to be, and how does your training and experience prepare you for the Deputy position?

Mr. HALTER. Mr. Chairman, I spoke with Commissioner Apfel about this issue, and in our discussions of this we have allocated several jobs to the Deputy position. One, is the Chief Operating Officer of the agency. That is, to be responsible for the day-to-day management of the agency.

It is also written, of course, into the statute that the Deputy Commissioner will be the Secretary of the Board of Trustees.

In addition to that, I will be a member of the President's Management Council, if confirmed, and will also play a role with the Commissioner in formulating policy on many of the issues that we have previously discussed.

The CHAIRMAN. Now, as I mentioned earlier, in September the Social Security Advisory Board issued a report that contained, frankly, some disturbing allegations of poor service to the public.

Have you read this report?

Mr. HALTER. Senator, in fact, it is the only document besides my statement that I brought to the hearing today. I have thoroughly gone through the report. I would like to commend the Advisory Board for the report. For me, it has been a terrific primer on the agency and the current issues confronting the agency.

There are many recommendations in that report that allude to Social Security actions that are already under way. Of course, we would hope to speed up the efforts in that regard.

There are some other areas that Social Security has not addressed, and I have spoken with the Commissioner about that. We want to undertake efforts in some of these areas as well.

On a lighter note, Mr. Chairman, there is a recommendation or a statement on page 81 of this report which I think is, perhaps, relevant here today. Again, on a lighter note, I must just read from it.

It says, "The management job of the current Commissioner is made even more arduous by the fact that there is no confirmed Deputy Commissioner to assist in running the agency." So I would say to you that I am fully in accord with that particular recommendation of the report.

The CHAIRMAN. Let me ask you this. This report says, among other things, that telephone service is inadequate, with too many callers unable to get prompt service; many who visit SSA field offices encounter long waits for service; heavy work loads and pressures to meet processing time means that field service employees often do not have sufficient time to help claimants understand complex disability eligibility rules.

What is your response to these charges, and what would you do about them?

Mr. HALTER. Mr. Chairman, that is an excellent question, and I share your concerns, obviously.

The issues that are confronting the Social Security Administration are similar to the issues that confront many—in fact, probably most—private and public organizations. That is, we are in a continual effort to do more with less, to improve the efficiency of the operations, to stretch the resources that are available through better management.

One of the first things that I would hope to do, if confirmed, is to use the experience that I had as a management consultant to get into the real guts of the operation and to talk with the staff about the potential trade-offs that are involved in various efforts to improve the operations of Social Security.

I think we also have to look very carefully at the possibility of some technological developments and changes in the uses of technology which will improve our service delivery.

But I can assure you, Mr. Chairman, I am very concerned about these issues and would devote a great deal of my personal attention to efforts to alleviate the problems.

The CHAIRMAN. Well, as you know, as a management consultant, in the private sector, one of the great trends of the recent years has been to do more with less. I am not sure that I see that taking place in government.

Senator MOYNIHAN. Well, Mr. Chairman, in all fairness, the number of employees in the Social Security Administration over the last 15 years has gone from about 85,000 down to about 60,000.

The CHAIRMAN. So they are an exception to the rule.

Senator MOYNIHAN. There are some exceptions, but not many.

The CHAIRMAN. But I do wonder what we can do to make this operation more efficient. As I understand it, you are going to have a very, very large turnover in the near future, roughly at the very time the number of beneficiaries is going to increase.

Have you given any thought to that?

Mr. HALTER. Mr. Chairman, I have given some thought to it, but in terms of a comprehensive answer, of course, I am going to have to wait until I am there to really get into the real details.

But I can assure you that I have been told that the Social Security Administration does have some planning under way for this transition that you are talking about. An extraordinary number of the senior managers at Social Security are, or will be, eligible for retirement in the very near term and it is something that we need to focus on greatly.

In terms of the overall effort, though, Mr. Chairman, I would like to work with you, Senator Moynihan, other members of the committee, and the staff to talk about how we can confront these issues because, as you alluded, Social Security will face significant turn-overs in personnel at about the time that the workload of the agency will ramp up dramatically with the retirement of the baby boom.

So it is something that I am very pleased that you are interested in, and would like very much to work with you, if confirmed.

The CHAIRMAN. Well, I would hope that you would make service the trademark of the organization.

I have some additional questions, but will submit them in writing.

[The questions and responses appear in the appendix.]

The CHAIRMAN. Senator Moynihan?

Senator MOYNIHAN. Sir, I just want to join you in welcoming Mr. Halter. We have missed you, as it were. I would just simply point to the fact that you are here, you are talking things like the turn-over of senior management and all, which is everything we hoped for in creating an independent agency.

At that time, sir, I had occasion to count the number of names in the Congressional Directory between the Secretary of Health and Human Services Donna Shalala. There were 240 names before you got to, "Commissioner of Social Security, Vacant." It had gotten lost in that vast bureaucracy. Now you are back where you started, as an independent agency. Good luck to you. I am sure you will be unanimously confirmed.

Mr. HALTER. Thank you, Senator, very much. I appreciate it.

The CHAIRMAN. Thank you very much, Mr. Halter.

Mr. HALTER. Thank you both.

The CHAIRMAN. The committee is in recess.

[Whereupon, at 12:34 p.m., the hearing was recessed.]



APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. WILLIAM V. ROTH, JR

We will now turn to the nomination of William A. Halter as Social Security Deputy Commissioner. There's no question how important this nomination is. Social Security is vital to America, as it touches the lives of virtually everyone at some point—whether it be in retirement, at the death of a parent or spouse, or when a worker becomes disabled.

This Committee has the important responsibility of ensuring that the Social Security Administration and its programs are prepared for the next millennium. A part of that preparation is making sure that those who will lead the Administration have the qualifications, vision, and ability necessary to the task.

As I've made clear in the past, I am determined that Social Security will meet the challenges ahead. And as Chairman of this Committee, I intend to do whatever is necessary to help prepare Social Security for the future. Primary among the issues that must be addressed is long-term solvency—ensuring that Social Security benefits are available upon retirement for those who are working today, and to our children and grandchildren.

Beyond this, we must focus on how well the agency is managed, an issue that has received too little attention. Just last month, the Social Security Advisory Board issued a report citing serious problems in service to the public. And there has been a series of reports from the General Accounting Office also raising management concerns and citing inadequate responses to fraud and abuse. This cannot stand. And I want to be very clear that these issues have the full attention of this Committee. They will be addressed.

And it is my hope that the appointment of Mr. Halter will be an important first step. As second-in-command at the Social Security Administration, Mr. Halter will take upon himself a tremendous responsibility. If confirmed by the Senate, he will be the first Deputy Commissioner since Social Security became an independent agency in 1995. This will provide him the insight, as well as authority, to work with the Commissioner to address the concerns I've outlined.

Mr. Halter, as a former staff member of the Finance Committee, you understand that the management and future of the Social Security Administration are among our top priorities. Should you be confirmed—and I anticipate that you will—much will be expected of you, and this Committee will continue to work closely with you and others to ensure that Social Security is up to the challenges ahead.

PREPARED STATEMENT OF WILLIAM A. HALTER

Mr. Chairman, Senator Moynihan, and members of the Finance Committee, I am honored to have been nominated by the President to serve as Deputy Commissioner of Social Security. It is a pleasure to be here today and to briefly discuss the importance of Social Security in all Americans' lives.

We have all seen the demographic projections forecasting the aging of America. Today, only about one in every eight Americans is at retirement age. By 2027, when I will reach retirement age, that number will be one in five. We know that an aging population creates significant social and economic policy issues and Social Security will be at the heart of these policy decisions. Ensuring the long-range solvency of the Social Security program is critical to our nation as we move forward into the 21st century and I hope to work with the members of this Committee on a bipartisan basis in crafting those reforms.

Beyond the large, macroeconomic concerns about Social Security financing are real "kitchen-table" economic questions for millions of American families. The first step in preparing for retirement should be to find out what Social Security will provide. Thanks largely to the foresight of Senator Moynihan, that task is being made easier by an annual mailing of a Social Security Statement to 125 million workers over age 25. As you know, the first of these Statements was mailed earlier this month and every worker will receive an annual Statement that explains what Social Security benefits he or she will be entitled to. I believe this is one of the best information services we can provide and that it will help focus households' attention on their financial needs in retirement.

Of course, Social Security is about more than retirement and the Deputy Commissioner of Social Security must be ready to address more than long-range solvency questions. Among the most important challenges the agency faces are improving the disability decisionmaking process, working to ensure the integrity of both the Social Security and SSI programs, and improving customer service.

In the past few years, the agency has made progress in these areas but we must strive to do better. In the area of disability, the agency must reduce the time needed for rendering disability decisions while improving the consistency of those decisions. The agency must also reduce the opportunity for fraud and abuse in these programs. This is not just sound management policy; it is an ethical responsibility of government to assure taxpayers that we are vigilant and careful in spending tax dollars. This is especially important for SSA, since Social Security now accounts for about 25 cents of every federal dollar spent.

Like millions of American families, my own family has benefitted and continues to benefit from the protections that Social Security provides. Social Security is more than just an economic equation. It is an expression of community and it is a compact among generations that we must not abrogate. Among the thousands of facts that we can cite about this program, one of the most telling is this: today, only a little more than 10 percent of older Americans fall below the poverty line, but without Social Security that number would be about 50 percent. This is a remarkable accomplishment, by a remarkable program. And I am honored that if confirmed, I will have the opportunity to serve Americans in this important public trust.

Mr. Chairman, I have been fortunate to have had a career of diverse and rich experiences. I would like to put my experience as a management consultant for Fortune 500 companies, as a staff member for this Committee, as a Trustee of Stanford University, and as a member of the Administration focused on improving agency management to work on behalf of Social Security.

DRAFT

DRAFT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 23, 1999

**PRESIDENT CLINTON NAMES WILLIAM A. HALTER AS DEPUTY
COMMISSIONER OF THE SOCIAL SECURITY ADMINISTRATION**

The President today announced his intent to nominate William A. Halter to serve as Deputy Commissioner of the Social Security Administration.

Mr. Halter, of North Little Rock, Arkansas, has served since 1993 as Senior Advisor in the Office of Management and Budget, where he provides counsel to OMB on policy issues, including review and evaluation of the management practices and budgets of federal Cabinet departments. Mr. Halter has worked closely with the President's Management Council on initiatives to improve the management of the federal government. He is a member of the Board of Trustees of Stanford University, a member of the University's Humanities and Sciences Council, and a member of the National Advisory Board of the University's Haas Center for Public Service. Mr. Halter served as an Economist for the Joint Economic Committee of Congress and as the Chief Economist for the U.S. Senate Committee on Finance. From 1986-1989, he was an Associate with McKinsey & Company.

Mr. Halter received an A.B. degree with honors in Economics and Political Science from Stanford University in 1983 where he was a Harry S. Truman Scholar and a M.Phil. degree in Economics from Oxford University in 1986 where he was a Rhodes Scholar.

The Social Security Administration manages the nation's social insurance program, consisting of retirement, survivors, and disability insurance programs. The Social Security Administration is also responsible for studying poverty and economic insecurity among Americans and making recommendations on effective methods of solving these problems through social insurance.

-30-30-30-

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. **Name: (include any former names used.)**
William A. Halter

2. **Position to which nominated:**
Deputy Commissioner of the Social Security Administration

3. **Date of nomination:**
October 1, 1999

4. **Address: (List current residence, office, and mailing addresses.)**

112 Duddington Place, SE
Washington, DC 20003

Office of Management and Budget
Room 356, Old Executive Office Building
Washington, DC 20503

5. **Date and place of birth:**
November 30, 1960 in Little Rock, Arkansas

6. **Marital status: (include maiden name of wife or husband's name.)**
Single

7. **Names and ages of children:**
None

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

Little Rock Catholic High School
1974 - 1979
High School Diploma
May 1979

Stanford University
1979 - 1983
A.B. in Economics and Political Science with honors and distinction
June 1983

Oxford University
1983 - 1986
M.Phil. in Economics
June 1986

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

- Senior Advisor, Office of Management and Budget, Washington, DC, 1993-present
- Policy Specialist, Presidential Transition, Washington, DC, 1992-1993
- Senior Policy Advisor, Clinton for President, Little Rock, Arkansas, 1992
- President, The Arkansas Institute, Little Rock, Arkansas, 1991-1992
- Economist, Joint Economic Committee of Congress, Washington, DC, 1991
- Chief Economist, U.S. Senate Committee on Finance, Washington, DC, 1989-1991
- Associate, McKinsey and Company, Washington, DC, 1986-1989
- Instructor of Economics, Stanford University, Washington, DC, 1988-1990
- Analyst, Peter Hart Research Associates, Washington, DC, 1986
- Economist, International Monetary Fund, Washington, DC, Summer 1985
- Consultant, Professor Peter Sinclair, Oxford, England, 1985
- Intern, Arkansas Governor's Office, Little Rock, Arkansas, Summer 1984, Summer 1983
- Teaching Assistant, Economics Department of Stanford University, Stanford, California, 1983
- Resident Assistant, Stanford University, Stanford, California, 1982-1983
- Coordinator, Advising Associates of Stanford University, Stanford, California, 1982-1983
- Intern, U.S. Supreme Court, Washington, DC, Summer 1982
- Intern, Congressman Morris Udall, Washington, DC, Summer 1981
- Intern, Mehlburger, Tanner, Renshaw and Associates, Little Rock, Arkansas, Summer 1980

10. **Government experience:** (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

None

11. **Business relationships:** (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

- Trustee of Stanford University
- Member of Stanford University's Humanities and Sciences Council, an advisory body
- Member of the National Advisory Board of Stanford University's Haas Center for Public Service
- Member of Stanford University's Libraries and Academic Information Resources Advisory Council
- Member of the Stanford-in-Washington Council, an advisory body
- Member of the Advisory Board of Friends for Youth

12. **Memberships:** (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

- Association of American Rhodes Scholars
- Phi Beta Kappa
- Stanford University Alumni Association
- Stanford Associates
- Washington DC Stanford Association
- Arkansas State Society

13. **Political affiliations and activities:**

- a. List all public offices for which you have been a candidate.

None

- b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Senior Policy Advisor, Clinton for President, 1992

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

- September 1996, \$125 contribution to the Montgomery County Democratic Campaign Committee
- May 1996, \$500 contribution to the Democratic National Committee

- July 1995, \$1000 contribution to the Clinton Gore Primary Committee
- March 1994, \$50 contribution to the Friends of Geoff Gibbs
- February 1992, \$1000 contribution to the Clinton for President Committee

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

- Rhodes Scholarship
- Marshall Scholarship
- Harry S. Truman Scholarship
- National Merit Scholarship
- United Food and Commercial Workers Scholarship
- Phi Beta Kappa
- Economics honors thesis at Stanford University received prize for best by an undergraduate

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

The Impact of Demographic Change on Social Security Financing; International Monetary Fund Staff Papers; September 1987; coauthored with Richard Hemming

16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)

None

17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

A combination of my experiences provide qualifications for the position of Deputy Commissioner of the Social Security Administration. I have served for ten years in the federal government in both the executive and legislative branches focusing at different times on economic policy and improving the management of federal agencies. This experience includes service in the Office of Management and Budget, the Joint Economic Committee of the Congress, and the U.S. Senate Committee on Finance. Prior to government service, I focused on improving management practice in the private sector. I served a variety of public and private clients as a management consultant with a worldwide consulting firm specializing in strategic planning and improving organizational effectiveness for Fortune 500 companies. In addition, for the last three years I have helped provide direction and oversight to a major university by serving as a Trustee of Stanford University.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

Yes, except I will continue to serve on Stanford University's Board of Trustees and the other advisory bodies listed in the answer to question 11 of section A above. I am advised by the designated agency ethics official at the Social Security Administration that resignation from this Board is not necessary. Further, I will recuse myself or take other appropriate action on the advice of the designated agency ethics official to address any potential conflicts of interest.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

None.

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.

No.

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None. The designated agency ethics official of the Social Security Administration has advised that no conflict of interest arises with respect to my current investments, obligations, liabilities, or other relationships specified in my financial disclosure statement, and particularly has advised that there is no conflict in my continuing to serve as a Trustee of Stanford University or the other advisory bodies listed in question 11 of section A above.

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible

conflict of interest in the position to which you have been nominated.

None

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

None

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)

If any potential conflict of interest arises, I will consult with the designated agency ethics official of the Social Security Administration and take appropriate action to avoid the potential conflict of interest.

5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

I am advised that the designated agency ethics official will provide directly to the Committee two copies of the opinion he issues to the Office of Government Ethics.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

Not applicable to this position.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

Yes. As I reported in my background investigation, during my freshman year of college (early 1980) four other members of my freshman dormitory and I were arrested for participating in a college prank. All charges were dropped by the Menlo Park, California Police Department and the record was expunged.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes.

RESPONSES TO QUESTIONS FROM SENATOR ROTH

Question 1. How does your training and experience prepare you for the Deputy position?

Answer. I have been fortunate to have had experience with the management of both large private and public sector organizations. As a management consultant with McKinsey & Company I engaged senior management of Fortune 500 companies in strategic planning, operational process redesign, and reorganizations. My service as a Chief Economist of the Senate Finance Committee provided me with a broad understanding of the legislative process and built on my previous knowledge of the Social Security programs. At the Office of Management and Budget I have focused on improving the management of federal departments and have coordinated the work of the President's Management Council which deals with high priority management issues involving all federal agencies, including the Social Security Administration.

Question 2. The President has sent to Congress Social Security "lockbox" legislation. Three questions. First, how will the President's lockbox work? Second, how much general revenues would be spent for Social Security benefits as a result of this lockbox, by year? Third, what are the Administration's current views regarding structural reform of Social Security?

Answer 2(a). The President's lockbox is structured first to assure that none of the Social Security surplus can be spent for other programs. Each year the entire amount of the Social Security surplus will be locked away. The President's legislation implements this portion of the lockbox by extending the Balanced Budget and Emergency Deficit Control Act and by creating additional "points of order" that would require that the Congress not consider any legislation which would result in an "on budget" deficit or that would increase the size of any "on budget" deficit.

Second, the President's proposal would require that all Social Security surplus funds, each year, would be devoted totally and exclusively to paying down the publicly held debt.

Finally, the savings realized in the general fund due to the interest savings from using the Social Security surpluses to pay down the publicly held debt would be transferred to the Social Security trust funds beginning in 2011. Each year thereafter, an amount equal to the interest savings realized by the general fund would be transferred to the Social Security trust fund through 2044.

Answer 2(b). Attached is a memorandum from the Social Security Administration's Office of the Actuary which provides the year by year transfers from the general fund to the Social Security trust fund that can be anticipated under the intermediate assumptions of the Trustees. According to the Office of the Actuary estimates, the President's lockbox legislation would extend the solvency of the Social Security trust funds from 2034 (present law) to 2050.

Answer 2(c). The President has stated that his lockbox does not totally resolve the long-range actuarial deficit facing the Social Security system. The long-range demographic challenges facing the system can only be resolved by bi-partisan agreement on comprehensive reforms to address these long-range challenges and bring the system into actuarial balance. I look forward to working with the White House, the Commissioner, this committee and with the Congress to develop a comprehensive reform package that will address these long-range challenges and guarantee the Social Security system not just for the next generation of retirees but for their children as well.

Attachment.



SOCIAL SECURITY

MEMORANDUM

Date: October 23, 1999 **Refer To:** TCC

To: Harry C. Ballantyne
Chief Actuary

From: Stephen C. Goss
Deputy Chief Actuary

Subject: Long-Range OASDI Financial Effects of the "Save Social Security and Medicare Lockbox Act of 1999"--INFORMATION

This memorandum provides estimates requested by the Director of the National Economic Council of the effect on the long-range OASDI financial status of proposed legislation is expected to be referred by the President to the Congress next week. The proposal would provide for transfers from the General Fund of the Treasury to the Social Security trust funds for fiscal years 2011 through 2044 in amounts based on the actual increase in the combined OASI and DI trust funds during fiscal years 2000 through 2015. All estimates of Social Security financial status are based on the intermediate assumptions of the 1999 Trustees Report.

Transfer Amounts from the General Fund of the Treasury to the OASI and DI Trust Funds

The proposed legislation would provide for transfers in each fiscal year 2011 through 2016 equal to:

- (1) the increase in the face amount of assets in the combined OASI and DI trust funds from September 30, 1999 to the September 30 immediately prior to the start of the fiscal year, multiplied by
- (2) an interest rate based on the average market yield on all marketable interest-bearing obligations of the United States forming a part of the publicly-held debt in the month prior to the fiscal year.

Under (1), calculation of the assets in the combined trust funds on September 30 of years 2011 through 2015 would treat all amounts transferred as if they had been invested in special obligations of the United States. This provision is not likely to have any effect under enactment of this bill alone, because the managing trustee of the Social Security trust funds is not authorized to invest any assets of the

funds in stock or corporate bonds, under either current law or this proposal. However, if subsequent legislation were to provide authority to invest any portion of the amounts transferred to the trust funds under this bill in private securities, this provision would affect the calculation of transfer amounts.

Under (2), calculation of the interest rate would be based on yields on corporate bonds if there is no publicly-held debt. In this case, the interest rate would be based on the current market yield of investment-grade corporate obligations, less an adjustment to account for the estimated difference between yields of such corporate obligations and "obligations of comparable maturities issued by risk-free government issuers selected by the Secretary of the Treasury."

**Estimated Transfers to Social Security
Under Intermediate Assumptions of the 1999 Trustees Report**

Year	Annual Transfer (billions of current dollars)
2011	\$107.3
2012	124.9
2013	145.2
2014	167.1
2015	190.7
2016 through 2044	215.5

For fiscal years 2017 through 2044, the transfer amount is maintained at the same level as indicated for 2016. Transfers would be made in monthly installments throughout each fiscal year, and would be divided between the OASI and DI trust funds in the same proportion as for payroll taxes.

Transfers are intended to be roughly equal to the expected reduction in interest on debt held by the public as a result of the Social Security "surpluses" in fiscal years 2000 through 2015. However, transfers are not contingent on the actual amount of reduction in debt held by the public.

Estimated Effect of Transfers on OASDI Financial Status

If this bill were enacted into law, the estimated (calendar) year of OASDI combined Trust Fund exhaustion would be extended from 2034 (present law) to 2050. The long-range OASDI actuarial balance would be improved by an estimated 0.91 percent of effective taxable payroll, from an actuarial deficit of 2.07 percent of payroll under present law to an actuarial deficit of 1.16 percent of payroll. Transfers are

assumed to be made as indicated regardless of the effect on budget balances.

If some or all of the transfers under this bill were invested in stock, as was considered in the Mid-Session Review of the President's Fiscal Year 2000 Budget, the effects on the financial status of the OASDI trust funds would be expected to be more positive than indicated above. However, no authority exists either in current law or in this bill for investment of trust fund assets in any private securities.

Assumptions

The ultimate real annual yield on special-issue U.S. Government obligations issued to the trust funds is assumed to average 3.0 percent (6.399 percent nominal annual yield), as specified for the intermediate projections in the 1999 Trustees Report. The ultimate real annual yield on U.S. Government debt obligations issued to the public is assumed to average 2.43 percent (5.81 percent nominal yield), reflecting the same ultimate differential assumed by the Office of Management and Budget in the Mid-Session Review between yields on special issues to the trust funds and publicly-held debt obligations.



Stephen C. Goss

Question 3. The Social Security Advisory Board's September report on public service cites a longstanding failure by Social Security to address problems forthrightly. For example, the report points out that the failure of many employers to pay the "Nanny tax" and the payment of benefits to alcoholics was ignored until the press and Congress began to investigate. Are there issues Congress should be aware of that the Social Security Administration has not yet brought to our attention?

Answer. I have read the Advisory Board's report. However, at this time, I am not aware of any particular issues that the Social Security Administration has not shared with Congress. If confirmed as Deputy Commissioner, I will review the activities of SSA in light of the Advisory Board report and should any issues come to my attention I will, of course, share this information with this Committee and the Congress.

Question 4. In 1994, Congress voted to make Social Security an independent agency. What does that mean to you? When the Committee asks for the views of the Commissioner or Deputy Commissioner on matters related to policy, budget, or management, should the Commissioner or Deputy Commissioner give views that might differ from those expressed by the Administration?

Answer. As an independent agency, Social Security has been removed from the larger umbrella of Health and Human Services oversight and from competing priorities within that Department. SSA has direct relations with the White House and the Congress. In addition SSA has its own Office of Inspector General, General Counsel and Legislative Office. The newly created Office of Policy will also help guide SSA's future. SSA can now establish its own priorities based on what is important to SSA.

Each year the Commissioner independently develops a budget proposal for SSA. I look forward to working with Commissioner Apfel to develop this document. As you know, the legislation which created SSA as an independent agency provides

that the budget developed by the Commissioner must be submitted to Congress by the President along with the President's own recommendations for SSA's budget. As a result the Congress has an opportunity to compare the Commissioner's priorities with those of the Administration since the Congress has both the original Commissioner's budget as well as the President's budget submission.

In addition, the Commissioner and Deputy Commissioner appear before Congressional Committees and provide information on the policy, budget or management of the SSA and on proposals for its future development. I also believe it is proper for the Commissioner and Deputy Commissioner, in addition to stating the Administration's position where appropriate, to share with Congress, the agency's views.

Question 5. Over the next 10 years the Social Security Administration expects about 40,000 to 50,000 of its current 65,000 employees to retire—just when Social Security's workload will increase as the Baby Boomers age. What steps should SSA take to prepare for the loss of this experienced and knowledgeable workforce?

Answer. Many senior staff at SSA are eligible to retire. Their potential retirement should be looked at not only as a management challenge but also an opportunity to develop new leadership. I have been informed that SSA has several programs in place to capitalize on this opportunity. It is my understanding there are three national development programs in place at SSA: the SES Candidate Development Program, Advanced Leadership Program and the Leadership Development Program. These programs will assist SSA in providing a pool of skilled, trained replacements for those who retire.

It is my understanding that the Social Security Administration has a continuing training program for managers and supervisors and that fifty percent of these managers and supervisors were trained in FY1998 and FY 1999. In addition, one-third of the managers and supervisors will receive additional training each year.

I have read the Advisory Board's report and their concerns on this issue and if confirmed I will review this matter and make any necessary recommendations to the Commissioner for further improvements.

Question 6. On October 1st the Social Security Administration began sending out Social Security Statements to all working Americans over age 25—about 125 million Americans will receive these statements annually. What impact do you expect these statements to have on public confidence in Social Security and on Americans other preparations for retirement, such as saving?

Answer. Clearly, providing all working Americans with an annual statement about their Social Security benefits will have a very beneficial effect on public understanding of the Social Security program. Because it is difficult to have confidence in a program you do not understand, the Social Security Statement will help build public confidence through increased knowledge of the program.

The Social Security statements that SSA began mailing to Americans earlier this month will provide a wealth of information that will help each worker know what he or she can expect from Social Security. As understanding of the program grows, I believe that the public's confidence in the program will also grow.

The statements will be an invaluable tool in helping Americans plan for retirement. Estimating potential sources of income is a key prerequisite for retirement planning, and for the first time, thanks to the leadership of Senator Moynihan and the Finance Committee, all Americans will have readily available to them individual estimates of what they can expect to receive from Social Security.

Every American will be in a much better position to determine what their retirement income needs are and to gauge how much Social Security and income from savings and pensions they will need in order to maintain their preretirement standard of living. Social Security was always meant to be part of a three pronged approach to providing retirement resources. However, far too few people have adequately prepared for retirement. Hopefully, the Social Security Statements will encourage greater personal savings.

Question 7. Under current law single parents applying for welfare and Medicaid must work with child support enforcement agencies to seek child support. But applicants for SSI are not required to seek child support, although GAO in a January 1999 recommended they should. The Commissioner agrees. What actions are being taken to implement this recommendation?

Answer. I agree with the Commissioner that SSA should move forward promptly to implement a system to require that single parents applying for SSI work with the appropriate state agency to seek child support and to enforce any child support order to assure that taxpayer funds are not used as a substitute for support that can and should be provided by a parent.

It is my understanding that the agency has been working on a proposal. If confirmed I will work to ensure implementation of a program to assure that child support orders are obtained and enforced in all applicable cases for SSI recipients.

Question 8. In a 1998 report, GAO concluded that SSA had an organizational culture that placed a greater emphasis on quickly processing and paying claims than on controlling program costs or improving operational efficiency. Do you agree with this assessment? If so, what do you think needs to be done to address it?

Answer. While SSA must always be responsive to individuals who have applied for Social Security or SSI benefits, that responsiveness must be balanced with SSA's fiduciary responsibility to the American taxpayer to ensure that ongoing payments are both timely and accurate.

Assuring the integrity of the Social Security and SSI programs is one of the Commissioner's major priorities, and if I am confirmed as Deputy Commissioner I will make improving the administration of the Social Security and SSI programs a high priority.

It is my understanding that there are a number of initiatives underway at SSA to improve management of the SSI program. In addition, legislative proposals pending before this Committee as part of S. 1327, Foster Care Independence Act of 1999, which were originally sent to the Congress by the Commissioner, would give SSA additional tools to improve management of SSI. If these initiatives are enacted, and I am confirmed I will give high priority to implementation of these initiatives and to other necessary activities to improve the integrity of the SSI program.

Question 9. In 1997, and each year since, the General Accounting Office has designated the Supplemental Security Income (SSI) program at "high risk" for fraud, waste, abuse, and insufficient management of the program. What is the dollar value of this fraud? Please describe for the Committee what the problems are; what is being done to address these problems?

As I indicated in my statement before this committee, reduction of fraud is not just sound management policy; but it is an ethical responsibility of government to assure taxpayers that we are vigilant in spending their tax dollars. I have been informed of studies suggesting that payment accuracy is no lower in SSI than in other means tested programs. Nevertheless, improving program accuracy and eliminating any amount of fraud should be of continuous concern to management at SSA. The Commissioner has made it clear that SSA has zero tolerance for fraud in its programs, and SSA has undertaken a multifaceted initiative to strengthen management of the SSI program. The primary goal of this initiative is to reduce overpayments made to SSI recipients.

One approach for reducing overpayments is to increase the number of redeterminations SSA conducts each year. I understand that SSA has been able to do this as a result of increased funding. When SSA conducts a redetermination, it interviews the SSI recipient to make sure that the recipient is still eligible for SSI benefits and that the payment amount is accurate.

Another approach SSA has pursued is to gain automated access to data that can be used to determine whether SSI recipients continue to be eligible for benefits. I understand that SSA has made important progress in this area.

If I am confirmed as Deputy Commissioner of Social Security I will work to assure that strengthening the administration of the SSI program remains an important agency priority.

Question 10. The Social Security Administration is very dependent on computers and information technology to manage its programs. What do you believe are the most urgent issues facing Social Security in this regard, and what role do you expect to play as Principal Deputy?

Given the approach of the year 2000, Y2K compliance is one of the most time sensitive issues facing SSA. Ensuring benefit delivery and retaining existing files is imperative but I am informed that SSA is well positioned in this regard. SSA has been working diligently for years on securing Y2K compliance and all 308 mission critical systems are now certified as compliant.

A significant piece of automation efforts has been the IWS/LAN initiative, which provides SSA offices the enabling hardware, software and telecommunication links to meet the challenges of increased workloads and service expectations.

If confirmed I will be actively and regularly involved not only in continuing efforts related to Y2K compliance but also in the overall computer and information technology issues associated with management of SSA. I view information technology as an opportunity to dramatically improve operations and will put great emphasis on exploring technology options.

Question 11. When Social Security receives a report of wages and the individual's name and Social Security number do not match, that individual's wages are held in a so-called "suspense file." Since 1990, this file has grown on average by 5 million wage reports and \$17 billion annually. Is Social Security doing enough to reduce the suspense file? What else should Social Security do?

Answer. I am informed that each year SSA processes about 200 million W-2 Forms from about 6.5 million employers. Approximately 10 percent of the W-2s received have invalid name/SSN combinations. For Tax Year 1997, this amounted to about 21 million items. After SSA applied computer routines and other processes to them, historically about 2.5% of wage reports have been placed on the suspense file.

I am told that current operations which are utilized to move these remaining items from the suspense file to the correct individual earnings record include: correspondence with the worker or the employer; match operations with IRS records; human intervention to correct such common occurrences as the use of nicknames; and a biennial electronic process to review all open suspense items in light of "new information."

If confirmed, I intend to review this matter closely, including initiatives designed to decrease the suspense file.

Question 12. One of the critical functions of the Social Security Administration is keeping accurate track of earnings of American workers, which determine both eligibility for benefits and benefit amounts. Currently, Social Security simply posts W-2 information without any checks for accuracy. Should the Committee be concerned about the accuracy of earnings records?

Answer. The accurate posting of earnings to an individual's earnings record is a fundamental mission at SSA. This information is used to compute monthly benefit amounts and provide Medicare coverage. The posting of earnings involves SSA and IRS. An employer files a Form W-2 (Wage and Tax Statement) with SSA annually and a Form 941 (Employer's Quarterly Federal Tax Return) with IRS. SSA compares the totals of the W-2 information for each employer with the totals from IRS employment tax records. Employers whose reports do not balance are contacted for an explanation of the discrepancy and asked for additional wage evidence.

Each worker also receives a W-2 which is used in conjunction with annual income tax filing with the IRS. Any discrepancies between the W-2 received by the worker and actual wages paid can be brought to the attention of the IRS by that worker when income taxes are filed. The IRS shares such information with SSA and the two agencies reconcile any discrepancy.

As you know, for the first time SSA has begun mailing Social Security Statements to all workers 25 years of age or over with an earnings history on file with SSA. This innovation, the result of legislation initiated by Senator Moynihan and the Finance Committee, will mean that each worker will, on an annual basis, have an opportunity to compare their records with the earnings records maintained by SSA. This should provide an additional, independent verification, of SSA records since workers will be able to promptly bring any discrepancies to our attention.

If confirmed as Deputy Commissioner of Social Security, I will work to improve the process, utilizing new techniques and technologies as they become available.

PREPARED STATEMENT OF HON. TIM HUTCHINSON

I am especially pleased that William A. Halter, of North Little Rock, Arkansas, has been nominated by the President to serve as Deputy Commissioner of the Social Security Administration. A Harry S. Truman Scholar as well as a Rhodes Scholar, Mr. Halter is an accomplished economist who has served on both the congressional Joint Economic Committee as well as the Senate Finance Committee. Currently a senior advisor for the Office of Management and Budget, Mr. Halter would bring a wealth of knowledge and experience to his new post as Deputy Commissioner of the Social Security Administration, and I look forward to considering his nomination when brought up before the full Senate.

