



## **STATEMENT OF THE HONORABLE HAROLD J. DAUB, JR.**

Mr. Chairman and Members of the Committee, I am honored to be here today as nominee of the President to be a member of the bipartisan Social Security Advisory Board. As you are aware, the President has announced that should I be confirmed, he will designate me to serve the Board as its Chairman.

May I introduce to you my wife, Mary, who is present with me at this special occasion.

The Congress created the Social Security Advisory Board in 1994 in order to provide an independent and objective source of advice and assistance for the Congress, the President, and the Commissioner of Social Security. The history and tradition of the Board has been to work on a bipartisan, or perhaps more accurately, a nonpartisan basis, to provide information and recommendations regarding critical issues facing the Social Security programs -- more than 20 comprehensive publications since 1996 in fulfillment of the Board's statutory mandate. I want to assure you today that I am committed to carrying out -- and building upon -- this important tradition.

This is a challenging time for Social Security. The Social Security actuaries project that by 2038 there will not be enough money in the Social Security Trust Funds to pay the benefits that will be due under current law. The Congress will have to make difficult choices to ensure that workers now and in the future will have a social insurance system upon which they can depend. Both policy makers and the public will need objective data and analysis to make informed decisions. If confirmed, I will do everything I can to see that the Social Security Advisory Board will be prepared to assist you.

I also am committed to continuing the important work the Board has undertaken to improve the capacity of the Social Security Administration to provide the effective, efficient, and compassionate service that the public needs and deserves.

As a former Member of Congress, particularly because of my service on the Ways and Means Committee and its Social Security and Health Subcommittees, and as a former Mayor of Omaha, I have learned how important it is for government institutions to be responsive to the needs of the public they serve and for those responsible for making policy to understand clearly the facts and circumstances that contribute to the making of wise and workable public policy. This is particularly true for Social Security. People turn to Social Security at critical times in their lives -- upon retirement, disability, or death. How Social Security responds to their needs affects not only their personal well being and that of their families, but their attitude toward government as well. Social Security must be able to provide the service they need if they are to believe that government is effective.

Over 45 million individuals rely on the processing and payment of benefits from social insurance proceeds for retirement, survivors and disability benefits. The total outlays for 2001 are estimated to be more than \$400 billion, against an income of approximately \$600 billion. The estimated fund balance is more than \$1 trillion. The administrative work is being done by an aging Social Security work force of approximately 64,000 employees at an administrative

outlay of more than \$7 billion, \$5 billion of which is for the administration of the growing disability assessment and payment system which dispensed about \$90 billion in the year 2001, or nearly 5% of our total Federal budget. The Supplemental Security income (SSI) system is also administered by the Social Security Administration network and served more than 1.5 million new applicants last year.

As you know, approximately 3.4 workers support one retiree in our present system. Self-employed workers pay a total of 15.30% of their total taxable earnings into the system. For an employed worker, add old age and survivors insurance of 5.3%, plus disability insurance of .90%, plus health insurance of 1.45%, with the employer matching those amounts, for the same total tax cost. Approximately 154 million workers pay Social Security taxes. A retiree's average check in 2002 will be \$874.00 and the Part B physician's premium will be \$54.00 per month-- that is the contribution each covered retiree pays as a co-payment for that coverage, up 2.6% over 2001.

Today, one of Social Security's most critical delivery systems shortfalls is in the area of disability. As the Board's reports have shown, Social Security's complex disability programs need reform if those who are disabled are to be assured of fair and timely decisions. As the baby boomers age and file for disability benefits in increasing numbers the problems in the system will rapidly become more acute. It is important that they be addressed as promptly as possible.

Mr. Chairman, I believe that Social Security has underpinned the stability of middle America and gives critical resources to those who earn less in our society during their lifetime.

We can work together to fashion those improvements in this program that enhance benefits and strengthen the financial foundation upon which future generations can depend, just as has been accomplished for those who have retired since this program's inception.

Mr. Chairman, it would be an honor and a privilege to have the opportunity to be part of the effort to address these and other critical issues confronting Social Security and the Social Security Administration. If confirmed, I look forward to the challenge of helping to carry out the broad mandate that the Congress has given the Advisory Board. We will stand ready to help you in any way we can.