

**STATEMENT
BY
JAMES B. LOCKHART**

**U.S. SENATE COMMITTEE ON FINANCE
CONFIRMATION HEARING FOR DEPUTY COMMISSIONER,
SOCIAL SECURITY ADMINISTRATION
NOVEMBER 15, 2001**

Mr. Chairman, members of the Committee, it is an honor to appear before you today as President Bush's nominee for Deputy Commissioner of Social Security. I would be honored to have the opportunity to serve the millions of Americans who depend on Social Security. I welcome the opportunity to work with Commissioner Jo Anne Barnhart to help meet the challenges that she discussed with this committee during her confirmation hearing and I ask for your support.

Although my career has been mainly in the private sector, this position would be my third opportunity for public service. The first was as an officer in the Navy on a ballistic missile submarine and the second was as Executive Director of the Pension Benefit Guaranty Corporation (PBGC).

When I joined the PBGC, I was greeted with a newspaper cartoon, which had a "Renovations Completed" sign being placed in front of a house labeled PBGC. As some members of the Finance Committee may remember, the renovations were not even close to being completed. It took years and the help of this committee and many others, but PBGC is now a government success story.

Despite the hard work of Social Security's dedicated team of over 63,000 employees, renovations are not completed there either. The good news is that the Social Security Administration is in a much better state than the PBGC was in 1989. As Comptroller General David Walker stated in GAO's report of January 2001, Social Security is "a leader in federal service delivery" and "a leader among government agencies for its accountability reports". Importantly, however, the GAO report says that there are serious issues that must be addressed.

The scale of Social Security is colossal, representing a quarter of the Federal Budget, paying benefits to almost 50 million Americans and protecting virtually every American family. The successes have also been great. Almost a half of today's retirees would be in poverty without it. Not surprisingly, the agency's challenges are also large:

The first challenge is to ensure long term financial *solvency* for future generations. A central function of Social Security is retirement security. Retirement in the U.S. is often described as a three-legged stool with Social Security, pension plans and personal savings being the legs. I do

not like image of retirees sitting on wobbly three-legged stools. Working together to address savings and solvency issues, we should try to make retirement an easy chair for every American.

The second challenge is to provide better and more timely *service* to beneficiaries. The disability process takes much too long. The future service demands will increase dramatically as we, baby boomers, begin to retire. Service also means doing a better job of educating the public about Social Security's programs and retirement planning.

The third challenge is to improve program integrity through sound fiscal *stewardship*. The agency has a fiduciary responsibility to all Americans to ensure that Trust Fund assets are used only to pay proper benefits and to ensure only eligible people are given Social Security numbers. There is also a strong economic incentive for doing so. In several areas a dollar well spent on stewardship will produce up to ten dollars in savings.

The fourth challenge is to face Social Security's own retirement wave through recruiting and training *staff*. The agency recognized this challenge early, but the other three challenges cannot be met without a replenished, talented team.

As Commissioner Barnhart said to you in September, these issues cannot wait. I look forward to working with the members of this Committee, Commissioner Barnhart and the experienced, dedicated, and caring members of the Social Security team to begin addressing these challenges immediately. Although the agency's "renovations" may never be fully completed, our goal and duty must be to create not just a government success story, but a success story for every American family.