

**NOMINATIONS OF CHARLES P. BLAHOUS III
AND ROBERT D. REISCHAUER**

HEARING

BEFORE THE

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

ON THE

NOMINATIONS OF

CHARLES P. BLAHOUS III, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST FUND, A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND, AND A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND; AND ROBERT D. REISCHAUER, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST FUND, A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND, AND A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND

MAY 11, 2016



Printed for the use of the Committee on Finance

U.S. GOVERNMENT PUBLISHING OFFICE

25-643—PDF

WASHINGTON : 2017

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FINANCE

ORRIN G. HATCH, Utah, *Chairman*

CHUCK GRASSLEY, Iowa	RON WYDEN, Oregon
MIKE CRAPO, Idaho	CHARLES E. SCHUMER, New York
PAT ROBERTS, Kansas	DEBBIE STABENOW, Michigan
MICHAEL B. ENZI, Wyoming	MARIA CANTWELL, Washington
JOHN CORNYN, Texas	BILL NELSON, Florida
JOHN THUNE, South Dakota	ROBERT MENENDEZ, New Jersey
RICHARD BURR, North Carolina	THOMAS R. CARPER, Delaware
JOHNNY ISAKSON, Georgia	BENJAMIN L. CARDIN, Maryland
ROB PORTMAN, Ohio	SHERROD BROWN, Ohio
PATRICK J. TOOMEY, Pennsylvania	MICHAEL F. BENNET, Colorado
DANIEL COATS, Indiana	ROBERT P. CASEY, Jr., Pennsylvania
DEAN HELLER, Nevada	MARK R. WARNER, Virginia
TIM SCOTT, South Carolina	

CHRIS CAMPBELL, *Staff Director*
JOSHUA SHEINKMAN, *Democratic Staff Director*

CONTENTS

OPENING STATEMENTS

	Page
Coats, Hon. Daniel, a U.S. Senator from Indiana	2
Wyden, Hon. Ron, a U.S. Senator from Oregon	3

ADMINISTRATION NOMINEES

Blahous, Hon. Charles P., III, Ph.D., nominated to be a member of the Board of Trustees of the Federal Hospital Insurance Trust Fund for a term of 4 years, a member of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund for a term of 4 years, and a member of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a term of 4 years (reappointments)	5
Reischauer, Hon. Robert D., Ph.D., nominated to be a member of the Board of Trustees of the Federal Hospital Insurance Trust Fund for a term of 4 years, a member of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund for a term of 4 years, and a member of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for a term of 4 years (reappointments)	7

ALPHABETICAL LISTING AND APPENDIX MATERIAL

Blahous, Hon. Charles P., III, Ph.D.:	
Testimony	5
Prepared statement	27
Biographical information	28
Responses to questions from committee members	38
Coats, Hon. Daniel:	
Opening statement	2
Hatch, Hon. Orrin G.:	
Prepared statement	48
Reischauer, Hon. Robert D., Ph.D.:	
Testimony	7
Prepared statement	50
Biographical information	51
Responses to questions from committee members	62
Wyden, Hon. Ron:	
Opening statement	3
Prepared statement	68

**NOMINATIONS OF CHARLES P. BLAHOUS III,
TO BE A MEMBER OF THE BOARD OF
TRUSTEES OF THE FEDERAL HOSPITAL
INSURANCE TRUST FUND, A MEMBER OF
THE BOARD OF TRUSTEES OF THE FEDERAL
SUPPLEMENTARY MEDICAL
INSURANCE TRUST FUND, AND A MEMBER
OF THE BOARD OF TRUSTEES OF THE
FEDERAL OLD-AGE AND SURVIVORS
INSURANCE TRUST FUND AND THE FEDERAL
DISABILITY INSURANCE TRUST FUND; AND
ROBERT D. REISCHAUER, TO BE A MEMBER
OF THE BOARD OF TRUSTEES OF THE
FEDERAL HOSPITAL INSURANCE TRUST
FUND, A MEMBER OF THE BOARD OF
TRUSTEES OF THE FEDERAL
SUPPLEMENTARY MEDICAL INSURANCE
TRUST FUND, AND A MEMBER OF THE
BOARD OF TRUSTEES OF THE FEDERAL
OLD-AGE AND SURVIVORS INSURANCE
TRUST FUND AND THE FEDERAL
DISABILITY INSURANCE TRUST FUND**

WEDNESDAY, MAY 11, 2016

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

The hearing was convened, pursuant to notice, at 3:01 p.m., in room SD-215, Dirksen Senate Office Building, Hon. Daniel Coats presiding.

Present: Senators Crapo, Thune, Wyden, Schumer, Stabenow, Brown, Bennet, and Casey.

Also present: Republican Staff: Viraj Mirani, Legislative Director for Senator Coats; Jeff Wrase, Chief Economist; and Nicholas Wyatt, Tax and Nominations Professional Staff Member. Democratic Staff: Joshua Sheinkman, Staff Director; Michael Evans, General Counsel; Ian Nicholson, Investigator; and Tom Klouda, Senior Domestic Policy Advisor.

**OPENING STATEMENT OF HON. DANIEL COATS,
A U.S. SENATOR FROM INDIANA**

Senator COATS. The committee will come to order. I would like to welcome everyone to today's hearing to consider pending nominations. I am subbing for the chairman. He dug down deep into the roster and pulled my name out.

For a freshman on the Senate Finance Committee chairing the Senate Finance Committee, I have made rapid progress which will probably end in an hour and a half or so, but I am going to try to make the best of it.

Before us today are Dr. Charles Blahous and Dr. Robert Reischauer, who have both been nominated to be members of the Boards of Trustees of Social Security and Medicare. By statute, these various boards consist of the Secretaries of Treasury, Labor, HHS, and the Commissioner of Social Security, along with two public trustees.

Drs. Blahous and Reischauer have been nominated by the President to serve once again as public trustees. The public trustee positions were created in 1983 based on a recommendation from the so-called Greenspan Commission with a requirement that one be from each political party. We are not even going to ask which one is which. We know you are doing bipartisan work for us, and we appreciate it. Since that time, there have been five sets of confirmed public trustees, with Drs. Blahous and Reischauer having been the last set to have served.

The trustees have various duties, including a responsibility to review general policies relating to the management of the trust funds and to report to Congress each year on the operation of the trust funds and their current and projected status.

As the trustees go through the process of developing and releasing a report each year, there are many inputs and many participants. For example, the Social Security Administration and its Office of the Chief Actuary, in particular, play the key role in developing assumptions, analytics, and analyses that often end up shaping the information that is provided in the reports.

In addition, we have had numerous technical panels composed of actuaries, economists, demographers, and others who review the assumptions and methods used in the trustees' reports. This is something that often is overlooked. Since 1999, 50 people have served on these technical panels, weighing in on the Social Security trustee reports and providing both fresh and objective eyes on the development of the trustees' reports as well as a much-needed check on what could otherwise be an outsize role of the Social Security Administration in guiding the contents of the reports.

In recent months, some have questioned whether having public trustees serve more than one term is beneficial. Others have noted the benefits of having continuity in these positions, given the many intricacies related to their various Social Security programs and the management of the trust funds, not to mention the process through which the trustees' reports are compiled and issued.

Obviously, the President has confidence and faith in his two nominees, and this is why you are here. The trustees play a vital role in overseeing the Social Security and Medicare trust funds, and I believe we should welcome nominees with experience of the

trust funds who will be able to execute their respective duties on day one.

The trustees also provide important information used by policy-makers. For example, the most recent Social Security and Medicare trustees' report highlighted the urgency of addressing our Nation's long-term fiscal challenges. As they have repeatedly pointed out, if we are to save Social Security and Medicare and ensure they are available for future generations, we must make common-sense reforms to the programs. If we fail to act, both programs will become insolvent within about 18 years, likely affecting those at and near retirement.

These programs consume more and more of Federal revenues each year, which squeezes out funding for every other Federal program and agency. This year alone, Social Security and Medicare are expected to consume 46 percent of all Federal revenues. By 2026, they will consume about 58 percent of all revenues. Obviously, this is not sustainable.

Further, the combination of retiring baby boomers, longer life expectancies, and fewer workers to financially support each retiree, will make it increasingly difficult to sustain these programs.

Again, as the trustees have repeatedly told us, the longer some try to pretend that Social Security and Medicare are not quickly headed towards insolvency, the more painful the reforms will need to be. I believe it is our responsibility to take the necessary steps to save Medicare and Social Security rather than force some of the most vulnerable Americans to suffer the consequences of our inaction.

Today we have before us two highly qualified nominees who were confirmed to these very same positions by the full Democratic-controlled Senate in 2010 without any opposition. They have now been resubmitted by a Democratic President to the Republican-controlled Senate that so far appears ready and willing to consider their confirmation once again.

With that, I want to once again welcome the nominees to the committee today and thank them for their willingness to continue serving in this important capacity. I will now turn to Ranking Member Wyden for any opening remarks that he would like to make.

**OPENING STATEMENT OF HON. RON WYDEN,
A U.S. SENATOR FROM OREGON**

Senator WYDEN. Thank you very much, Mr. Chairman. This afternoon, the Finance Committee is going to discuss the renominations of the public trustees for the Medicare and Social Security trust funds. Now that sounds like a real mouthful, but for me this issue goes back to the days when I was co-director of the Oregon Gray Panthers and the Medicare guarantee was sacrosanct and the promise of Social Security was a godsend for millions of older people.

Recent years have presented dramatic new challenges for Social Security and Medicare. Today millions of single elderly women have to walk an economic tightrope each month, balancing the cost of food, health care, and covering the rest of the bills. These improv-

erished, single elderly women count on Social Security every single month to keep their heads above water.

So we are going to be talking about positions with big titles, and we are going to be throwing around a lot of concepts about government and trustees and the like, but for me what undergirds this debate is the challenge of making sure that millions of impoverished elderly women are not, in effect, going to be destitute and without options to care for themselves.

Medicare in 2016 is very different than the Medicare of 1965. It is surely different than the Medicare we dealt with when I ran the legal aid office for older people and was co-director of the Oregon Gray Panthers. Back then, Medicare was like when the senior hurt their ankle. If it wasn't a really bad injury, they saw their doctor. That was Part B. If it was a more serious injury, they went to a hospital. That was Part A. That is not Medicare today.

Medicare today is about cancer, diabetes, heart disease, strokes. When you put Alzheimer's into the debate—which Senator Stabenow has done so much to work to strengthen—that is the whole ballgame. That's it, folks. Medicare in 2016 is completely different from Medicare in 1965.

So our challenge, in my view, is to protect these special programs: the Medicare guarantee, Social Security—a godsend more needed than ever before, with new trends such as the impoverishment of so many older women. We need to protect these special programs and update them for the times.

That is why, in my view, business as usual with respect to these positions is not good enough. By the way, as part of this debate that we are going to have, some of what I think is going to be considered is not exactly a wild idea. The Finance Committee, for example, has had a 30-year history of not reappointing anyone to these positions.

Now, every year a big book comes out that looks into the future of Medicare and Social Security, and the public trustees play an important part in that process. It is a tough job. They are trying to periscope the future for what is going to affect millions of vulnerable and older Americans and what those individuals are going to need decades down the road.

In my view, it is pretty clear that this task requires—and the Finance Committee has made that a tradition—fresh perspectives in advisory roles like these.

I will close by simply saying this: what undergirds these jobs, these trustee positions, is not just charts and figures and graphs and black print on white paper. It is really about something more than that. It is about ensuring that the material in those charts and graphs reflects our values and our priorities, particularly as it relates to these special programs.

With that in mind, I look forward to listening carefully to what our colleagues and the nominees have to say. Bob Reischauer has been giving good advice on these issues for decades, and I look forward to hearing from our nominees and our colleagues.

Thank you, Mr. Chairman.

Senator COATS. Thank you, Senator.

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

Senator COATS. I have some obligatory questions I have to go through, but first I want to do the introductions of our two nominees.

Dr. Charles Blahous is a current trustee for Social Security and Medicare, Director of the Spending and Budget Initiative, and a senior research fellow at the Mercatus Center at George Mason University, where he specializes in economic policy and retirement security with an emphasis on Social Security and other Federal entitlement programs.

He was formerly the Deputy Director of the National Economic Council under President George H.W. Bush and Executive Director of the President's Commission to Strengthen Social Security.

Dr. Blahous has a Ph.D. in quantum chemistry from the University of California at Berkeley and a bachelor's degree from Princeton University.

Welcome, Dr. Blahous. If you would like to take a moment to introduce any family members who have accompanied you here today and proceed with your opening statement, we would be happy to have you do that.

STATEMENT OF HON. CHARLES P. BLAHOUS III, Ph.D., NOMINATED TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST FUND FOR A TERM OF 4 YEARS, A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND FOR A TERM OF 4 YEARS, AND A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND FOR A TERM OF 4 YEARS (REAPPOINTMENTS)

Dr. BLAHOUS. Thank you very much, Senator Coats, and thank you as well, Ranking Member Wyden, and thanks to all of the members of the committee. It is a great honor to be nominated to serve again as one of the two public trustees for Social Security and Medicare.

Before I begin with the substantive portion of my remarks, some thanks are in order.

First, I would like to thank President Obama for the honor of placing my nomination before the Senate. I would also like to thank Senate Majority Leader McConnell for the trust he placed in me by putting my name forward for this important position.

I would like to thank my wife Jill and my daughter Juliana. Unfortunately, my family could not be here today, but I want to thank them nevertheless and express my appreciation for their constant support and their many sacrifices for my career in public service. I have been very blessed to have my family's encouragement and counsel with each new challenge.

Particular thanks are due to the members of this committee, to the United States Senate as a whole, and to the members of the U.S. House of Representatives. I am deeply appreciative of the unflinching courtesy with which I personally have been treated by members of Congress in both chambers, on both sides of the aisle, as well as by their staffs.

My appreciation, however, is based not primarily on these personal considerations, but on Congress's general comportment with respect to the trustees' process as established under the Social Security Act.

Social Security and Medicare are perhaps the most important domestic programs the Federal Government has ever established. Their financial soundness, as has been noted here, is central to the economic security of millions of Americans today and in the future. The Social Security and Medicare trustees play an indispensable role in equipping the Congress and the administration with the information required to enable these vital programs to function as desired.

It has been very gratifying to witness as a trustee the respect with which members of Congress treat the trustees' reporting process. At a time when confidence in so many public institutions is under siege, lawmakers have recognized the importance of Americans being served by credible, which is not to say infallible, projections for the futures of Social Security and Medicare.

Some of the most satisfying moments of trustee work come when testifying before Congress and a member on one side of the aisle cites data from the trustees' report to support a particular policy viewpoint, after which another member on the other side uses data from the same report to support a different policy viewpoint. This is only possible because members on both sides safeguard the integrity of the trustees' work, and I am as grateful for this dynamic as I am for any kindness extended to me personally.

The public trustees' positions were established in the comprehensive Social Security reforms of 1983 to maintain public confidence in the management of the trust funds and to ensure that program finances were persistently reviewed by bipartisan outside observers.

While forecasting is an imperfect science, my experience as a trustee is that the work is conducted according to the highest principles and standards of public service. While only time will attest to the accuracy of the projections, it is not too soon to vouch for the integrity of the process by which they are made.

Each year, the trustees make assumptions about trends in fertility, longevity, worker productivity, price inflation—specifically in the case of Medicare, health-care cost inflation—immigration, real wage growth, labor force participation, and other relevant variables, both in the short term and in the long term. Public confidence in the trustees' projections rests in large part on whether these assumptions are regarded as reasonable and objective.

To assist in realizing this ideal, the trustees bring many perspectives to bear from both inside and outside our working group, including the nonpartisan staff of the offices of the Social Security Actuary and CMS Medicare Actuary; technical panels periodically convened to assist respectively with Social Security and Medicare projections; outside analysts who are sometimes brought in, such as those at the Congressional Budget Office or elsewhere in academia; and many, many others.

It has been my experience that participants in the trustees process—ranging all the way from the managing trustee, Treasury Secretary Jack Lew, to the other cabinet officials, HHS Secretary Syl-

via Burwell, Labor Secretary Tom Perez, Acting Social Security Commissioner Carolyn Colvin, their predecessors, and the various staff laboring in the different executive branch departments—all conduct themselves with the appropriate respect for this important work, a characterization that I hope can also be applied to our service as public trustees.

It has been a particular privilege and pleasure to serve alongside Dr. Robert Reischauer in this role. I learn not only analytical substance from Bob but I also learn from his example of constant professionalism.

If confirmed again to serve as a public trustee, I would look forward to contributing to the best of my ability to the trustees' process and to maintaining public confidence in these vital reviews of Social Security and Medicare program finances.

Thank you. I would be happy to take any questions.

Senator COATS. Doctor, thank you.

[The prepared statement of Dr. Blahous appears in the appendix.]

Senator COATS. We now have Dr. Robert Reischauer, who is also currently serving as public trustee of Social Security and Medicare.

In addition, Dr. Reischauer is a distinguished institute fellow and president emeritus at the Urban Institute, which he led from 2000 to 2012. During much of that time, he was also a member of the Medicare Payment Advisory Commission, serving as vice chair from 2001 to 2009.

Before that, he served for 6 years as the Director of the Congressional Budget Office, in between two separate stints as a senior fellow in the Economic Studies program at the Brookings Institute.

Dr. Reischauer has both a master's degree in international affairs and a Ph.D. in economics from Columbia University, as well as a bachelor's degree from Harvard University.

Welcome, Dr. Reischauer. Please take a moment to introduce any family members with you here today and then proceed with your opening remarks.

STATEMENT OF HON. ROBERT D. REISCHAUER, Ph.D., NOMINATED TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST FUND FOR A TERM OF 4 YEARS, A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND FOR A TERM OF 4 YEARS, AND A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND FOR A TERM OF 4 YEARS (REAPPOINTMENTS)

Dr. REISCHAUER. Thank you, Senator Coats, Ranking Member Wyden, and members of the committee. I appreciate the fact that you are willing to consider my qualification for re-nomination by the President for the position of public trustee of the Social Security and Medicare trust funds.

Social Security and Medicare are vital components of the Nation's social and economic fabric, providing essential financial support and access to medical care for millions of people with disabilities, the elderly, and families of deceased workers. They are two

of the Federal Government's largest programs. They are also important to the Nation's economy and loom large in the Nation's fiscal picture. It is critical that the financial and operational integrities of these programs are unimpeachable and that the public retains confidence in their continuity but understands the challenges that they face in the future.

Like many older Americans, I have a close personal relationship with both programs. I receive benefits from them. I pay payroll taxes to their several trust funds, and I pay premiums for my supplementary medical and prescription drug coverage. I am a very satisfied participant and think my experience as a beneficiary has provided me with perspectives that are valuable for my professional understanding of these programs.

Along with Dr. Blahous, I served as a public trustee from October 26, 2010 through July 22, 2015. This was one of the most interesting and rewarding assignments that I have had in my 46-year career in Washington. It is also one that has given me confidence that Congress can establish and the Federal Government can operate processes that work and work well.

As you know, a primary responsibility of the trustees is to report to the Congress each year on the past and future statuses of the trust funds. The work involved in putting together these annual reports is carried out largely by the Working Group, which consists of the two public trustees; Assistant Secretary-level representatives of the Treasury, Health and Human Services, and Labor Departments; and a Deputy Commissioner-level representative from the Social Security Administration.

The representatives of these ex-officio trustees are supported by extremely able professional staffs. In addition, the Social Security and Medicare actuaries play critically important roles, providing estimates and analyses, methodological guidance, and historical perspective to this working group.

The Working Group deliberations focus on current conditions of the trust funds, how and why they may differ from what was projected in recent reports, and what those differences might imply for future projections. The Working Group carefully examines and, if needed, revises the critical demographic, economic, and programmatic assumptions that are required to generate projections. It also evaluates possible methodological and presentational improvements.

The process is an open one. All of the members can suggest topics for the agenda. On occasion, outside experts present their perspectives on issues on which the Working Group has not reached a consensus.

Every 4 or so years, the Social Security Advisory Board and the Department of Health and Human Services appoint technical panels of leading outside experts to review the demographic and economic assumptions, and the methodologies and the presentation of the trustees' reports. I have attended almost all of the meetings of the last two technical panels to listen to their deliberation and at times provide some perspective and input. Appropriately, the Working Group pays serious attention to the recommendations of these panels.

Early in the year, the Offices of the Actuaries generate draft reports that reflect the deliberations of the Working Group. They are circulated to the entire group, which subjects them to an exhaustive and exhausting comment and revision process.

Reflecting back on the five report cycles I have participated in, I am impressed by their quality. The discussion is robust and sophisticated. The input of the professional staffs of the several departments and the Social Security Administration and the Actuaries Offices is uniformly excellent. The atmosphere is collegial, and the decisions are consensual.

The deliberations are devoid of partisan or ideological bias, as all strive to produce reports that are balanced and objective. In my opinion, the Congress and the American people are well-served by the existing trustee process.

When I appeared before this committee in July of 2010, I discussed aspects of my professional experience that bore on my qualifications to carry out the responsibilities of the public trustee position. I will not repeat them today.

Suffice it to say that the various positions, commissions, and boards I have served in and on—most importantly, my 5 years as a public trustee—have provided me with the technical, methodological, and programmatic expertise necessary to fulfill the responsibilities of a public trustee, and, if confirmed, I will carry them out with the objectivity, seriousness, and skill they deserve.

Thank you.

Senator COATS. Doctor, thank you.

[The prepared statement of Dr. Reischauer appears in the appendix.]

Senator COATS. I do have some obligatory questions that all nominees have to answer. So if I could, I will read the question and ask each of you to give us your “nay” or “yea.”

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

Dr. Blahous?

Dr. BLAHOUS. No.

Senator COATS. Dr. Reischauer?

Dr. REISCHAUER. No.

Senator COATS. Secondly, 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?

Dr. BLAHOUS. No.

Dr. REISCHAUER. No.

Senator COATS. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Dr. BLAHOUS. Yes.

Dr. REISCHAUER. Yes.

Senator COATS. And finally, do you commit to provide a prompt response in writing to any questions addressed to you by any Senator of this committee?

Dr. BLAHOUS. Yes.

Dr. REISCHAUER. Yes.

Senator COATS. “Prompt” is a bit subjective, but I think your “yes” is sufficient.

Let me start by asking you some questions, Dr. Blahous. You wrote an article last July after the release of the 2015 Annual Report of the Social Security and Medicare Board of Trustees. I quote here—this was emphasized: “Social Security finances are on an unsustainable trajectory requiring legislated corrections as soon as they can be enacted.”

You went on to note that the costs of Social Security are growing far more rapidly than its tax base, largely because the beneficiary-to-worker ratio was declining.

Regarding that article, I am wondering if you could give us a little bit more depth in terms of where the trajectory is taking us, and can you better quantify “as soon as can be enacted” and why that would be required?

Dr. BLAHOUS. In the various trustees’ reports, we have reiterated various versions of this message over the years, so we have done this in the all trustees’ messages; we have done this in the summary of the reports. Bob and I have done this separately in our public trustees messages as well, and it is done in the main body of the reports.

A basic issue that we face is that we have a substantial financing gap between the benefits that would be scheduled under the program’s benefit formulas and the projected incoming revenues. One of the points that the trustees have sought to emphasize, I think in each report, is that our choices become more difficult with each succeeding year of delay.

Assuming that we want to uphold the principle that we not have sudden reductions in benefits for people who are already in retirement, then each passing year of inaction means that the costs of achieving solvency, sustainable solvency, have to be compressed among a smaller and smaller group of cohorts.

What we have done in each report is, we have tried to illustrate some examples of this effect. For example—I do not know the figures off the top of my head, but if you were to enact a solution today and if you were to do it entirely on the cost-containment side and you wanted to leave current retirees out of it, you might have to reduce benefits for future beneficiaries on the order of 20 percent or so.

If you waited to the point of trust fund depletion, then even if you completely cut off all benefits for new eligibles, you would not be able to put the system in balance by that measure alone, and it would very dramatically increase the risk that people already on the rolls would be harmed by the delay.

So these and other illustrations that we have put in the reports over the years are intended to demonstrate why actions should be taken as soon as possible.

Senator COATS. Dr. Reischauer, would you like to comment on that also?

Dr. REISCHAUER. There is no disagreement between myself and Dr. Blahous or between us and the vast majority of analysts who look at this issue. There is a cliff that is coming sometime in the early 2030s when the trust fund is exhausted, and, under current law, the trust fund has no legal ability to borrow or to deficit fi-

nance. Adjusting ourselves sooner to boost revenues or moderate the growth of benefits will allow the adjustments to be more moderate than they would have to be if we waited until we went over the cliff.

What we have tried to do with the trust funds, and what members of Congress and others have tried to do, is provide a sense of realism about these choices to the American people so they will understand what is required to preserve these very, very important programs and ensure what Senator Wyden fearfully talked about does not occur.

Senator COATS. Senator Wyden stated that the challenge for all of us is to “protect the essential program. Business as usual is not good enough. We need fresh perspectives.”

Now I know you are dealing, literally, with numbers and making an analysis based on factual information and the numbers you are presented, but what are the alternatives? What alternatives would you recommend to those of us who have to make this decision in terms of when and how to address this challenge? Do you have any guidance or thoughts for us?

Both of you have talked about the fact that if you just do it on the basis of input versus current output, without any changes in that policy, whether it is revenue gained or whether it is a balance of other things—what would you suggest to us or recommend as a way to move forward that you think would be most fair in addressing the challenges that we have but be sensitive to the importance of the programs and the value of them to so many of our citizens?

Dr. BLAHOUS. I will try to give you a multi-part answer on that if I could.

There are two parts of the “when” question that are relevant. One is, when from a purely substantive perspective. There the answer is, as soon as humanly possible. Obviously, the earlier you act, the greater spreading of any necessary changes there can be, the more advance notice there can be to people of coming changes.

Now that is the substantive answer. Obviously, you have to take into account considerations that we as trustees do not. You know, whether October 2016 is the optimal time for legislative action would depend on factors apart from the substantive considerations facing Social Security and Medicare.

So obviously, you as legislators have to balance a number of considerations, but from a purely substantive perspective, obviously, the earlier the better.

With respect to the range of options, what we as trustees try to do is to lay out the options and quantify them, but not enter into the value judgment in the trustees’ reports as to whether this is best done on the revenue side or the cost-containment side. What we do is, we present illustrations of the magnitudes of the changes that would be required if you were to go in each direction and lay out some of the considerations, but we in the trustees’ reports do not attempt to steer legislators one way or the other. That is a subjective value judgment that legislators have to make: whether to apply more in taxation or whether to constrain the growth of benefit costs.

Dr. REISCHAUER. But also just to add to that, as trustees, we stay completely away from recommendations of specific policies and

also, even as Chuck has suggested, the division between benefit cuts and tax increases. Those are the only two components you have; how you mix them is a decision for policymakers and politicians, but not for the public trustees to enter into at all.

Senator COATS. I was here in the mid-80s when we made some significant policy changes to Social Security. It was a bipartisan effort led by President Reagan and the Speaker of the House, Tip O'Neill. If you are familiar with those, and I suspect you are, would that be a model that we ought to look at in terms of how to address it, or was that beneficial then but not now?

Dr. BLAHOUS. Well, I would say procedurally it can be a model. It is certainly a model of bipartisan compromise in dealing with a Social Security shortfall. Substantively, I think the important information we would want legislators to have is that we are already at a point where the shortfall we are currently facing is much larger than the one they faced in 1983. That one measured on average about 1.8 percent of the program's tax base over the ensuing 75 years. We are already up to about 2.7 percent now.

That ignores the fact that the actuarial methodology has changed in certain specific respects between 1983 and today. If we still did the actuarial methodology the same way today that we did in 1983, the overall shortfall we would be looking at now would be roughly twice as large, even relative to the program's larger tax base today.

So, in terms of the amount of difficult choices that legislators have to make to put Social Security into long-term balance, they are more severe today than they were in 1983 and growing more severe with every year of delay. So yes, in some respects, 1983 is a model, perhaps a model of bipartisan compromise and procedure. We are already looking at more difficult choices today, and therefore, the program is at greater risk going forward if we do not take timely action.

Senator COATS. Thank you.

Senator Wyden?

Senator WYDEN. Gentlemen, let me start with one of the questions this committee is going to have to wrestle with right at the outset. There is a 30-year tradition. Basically, it goes from Baucus, Grassley, Dole, and Moynihan talking about the outsider status of the public trustee. Why shouldn't the tradition of serving only one term be maintained?

Dr. Blahous, why don't you start?

Dr. BLAHOUS. Well, can I fall back on my plea of giving a multi-part answer? There are various things I can say, not all of which are closely connected.

Senator WYDEN. But I think it is a fairly straightforward question.

Dr. BLAHOUS. It is a straightforward question. I just have multifarious thoughts on it. With your permission—

Senator WYDEN. Sure.

Dr. BLAHOUS. Obviously, the first answer is, that is your prerogative and value judgment to make.

Senator WYDEN. I want you to give me a reason why it should not be. Maybe you learned something, you do something differently, there is a fresh perspective. I would like to hear particularly from you. You and I have a variety of views substantively that are in

pretty sharp disagreement. So I would just be interested in an answer to the question, particularly on why the committee should depart from this tradition.

Dr. BLAHOUS. Well, I would make a couple of observations. We are only the fifth public trustees to ever serve. We have signed five reports. That is actually the fewest number of any previous public trustees who have served.

The previous public trustees signed seven. We are going to have a lot of turnover anyway. We have a presidential election coming up. It is almost certain we will have four new government trustees.

Now, obviously—again, it is your judgment whether you want to have all six trustees change over or whether you want to have some institutional continuity in the room. We are going to have a very substantial amount of fresh eyes on the product no matter what.

I do think—irrespective of the question of whether it is us—I do think public trustee oversight over the process is very important. I think the process suffers when there are not public trustees in there. So I would urge, again, irrespective of whether it is us or someone else, that public trustees be confirmed rapidly.

I actually think the administration officials are handicapped when they do not have public trustees in there overseeing the work, because they are in a state of limbo and uncertainty about whether to incorporate changes or not, not knowing what public trustees would be saying or how they would be reacting.

So those are all considerations that I would bring to bear. I would also additionally say, we do not lack for fresh eyes and outside perspectives in the trustees process. We are big believers in it. We use the input from the technical panels. We call in outside experts. We definitely agree with the idea that fresh eyes are important. But those are my thoughts in general.

Senator WYDEN. Dr. Reischauer?

Dr. REISCHAUER. I have given this some thought. I think continuity is important. This is a complex process. It is an interpersonal set of relationships that develops these reports, and it takes—Chuck and I have talked about this—a couple of years to really know how this is working, how to work it and how it can work.

There is a lot of turnover of the Assistant Secretary-level folks representing the ex officio trustees. So they often are not schooled and experienced in this process at all. It is the professional staff of the various departments and the actuaries who are. I think the input that the public trustees learn they can have in this process develops over time and is important, and as Chuck said, there will be a whole lot of turnover in the course of the next year in this. Having some experienced hands, shall I say, I think would be very valuable.

Senator WYDEN. Let me ask one more question of you, Dr. Blahous. You heard me talk about Medicare. I am particularly concerned about what is going to happen to the Medicare guarantee. This is something that to me is inviolate. The program needs to be updated. That is why we have been working in a bipartisan way. We have some of the most progressive members of the House and some of the most conservative members working together in a con-

structive way, but it is all about protecting the Medicare guarantee and updating the program.

So I would like to hear your thoughts on what you see for the future of Medicare and the way in which the country treats those who are going to generate most of the changes for Medicare. Beneficiaries with six or more chronic conditions account for 46 percent of the spending. So what do you see for Medicare?

Dr. BLAHOUS. Do you mean more specifically on the financing aspects of Medicare or from a policy perspective?

Senator WYDEN. I am interested in getting insight into your thinking, because I have read much about your past articles, and suffice it to say, I do not believe it will be a big surprise to you that I disagree profoundly with some of those views. But for purposes of today, what I want to see is what you think Medicare's future should be all about.

I start with the Medicare guarantee. There could be a lot of other decisions. I would just like to hear you talk about the subject.

Dr. BLAHOUS. In terms of what I can offer, I have not personally done a whole lot of research or writing about Medicare policy choices, per se. That has not been a research specialty of mine.

I have written about the public finance aspects of Medicare and the status of the Medicare trust funds, but the Medicare policy debate is something that, to a large extent, I have not really entered into. I had not really entered into it very closely before becoming a trustee, and after becoming a trustee, I did not have particular reason to enter into it closely.

So with respect to Medicare financing questions, that is something that I certainly do write about as a trustee, with the other trustees, and also when I write about the findings in the annual trustees' report.

What we try to do in the Medicare report is to give a sense of how our outlook is changing. One of the points that I have tried to make in my writings about Medicare is that we have a certain amount of health-care cost deceleration built into our projections already, and we are hopeful as a group and individually that the recent deceleration in health-care cost growth will be sustainable and work to the benefit of Medicare beneficiaries in the sense of shielding them from tougher choices that we might otherwise have to make.

However, we probably cannot rely on that for the Medicare financing picture to become significantly better than we are currently projecting, because we are already building a fair amount of cost deceleration into our projections, even into our baseline.

Beyond that—my own research is not specifically in the Medicare policy area. I tend to confine myself to just the public finance aspects of Medicare.

Senator WYDEN. Thank you, Mr. Chairman.

Senator COATS. Senator Stabenow?

Senator STABENOW. Thank you very much, Mr. Chairman and Mr. Ranking Member. We appreciate both of you being here today.

Let me first say that I view Medicare and Social Security as great American success stories, lifting a generation of people out of poverty, creating a healthier group of members as they retire, as well as people with disabilities. We look at the fact that we have

over 54 million people who depend on Medicare to meet their health-care needs, 45 million seniors, 9 million people with disabilities, and the fact that we have seen costs come down as it relates to the Affordable Care Act and some other areas—the way that is coming together is positive.

Also, Social Security is key to economic security. It is not just retirement; it is disability and it is life insurance, and we all pay into it. We all pay into it, and it is comparable to a pension, which way too many people do not have right now.

We live at a time when about half of our workforce does not have a pension. We are struggling with what to do to help people who have paid into a pension to be able to get their pension. Over one-third of our workforce has no retirement savings. So it is a big deal when we talk about all of these things. Over one-fifth of elderly married couples rely on Social Security for 90 percent of their income.

So we could go on and on with the numbers, but the bottom line is that it is really important, and the American people support maintaining the structure and integrity and ability of these programs to be able to operate. So the first question that I would ask of both of you is—we will start with Dr. Blahous—do you support or oppose cuts to Social Security benefits?

Dr. BLAHOUS. The first thing I would say is, as trustees, we do not discuss policies at all. We all have different policy views and policy duties and professional duties outside of the trustees' process, but we do not bring those into the trustees' process. I think that is very important. It is important to the integrity of the work.

Obviously by design, this is a process that brings together people from different parties and different policy backgrounds, who advocate for different policy positions in different settings. But when we are in there as trustees, that is not what we are doing.

Senator STABENOW. Let me just stop you and say, okay. Let us talk not as a trustee, but as a person with a long and public record of opposing the basic structure of Social Security. You have advocated for privatizing, for shrinking Social Security. Is that something you still support, privatizing Social Security?

Dr. BLAHOUS. I actually—I would not agree with that characterization.

Senator STABENOW. All right.

Dr. BLAHOUS. First of all, I was very much in agreement with your opening statement that the historic financing structure of Social Security is a success story. I made remarks to this effect at one of our trustees' pressers, which is that it is not easy for legislators to design programs to provide levels of support on the order of Social Security and Medicare and have the basic means of financing and providing those programs be broadly accepted by the public. That is very, very hard to do.

You have Social Security and Medicare—they are providing substantial support to millions of people, and you do not have particular public controversy about whose ox is being gored when they are getting financed. That is pretty remarkable.

So I do not oppose the basic financing structure of Social Security and Medicare. I actually feel very strongly that the self-financing ethic of those programs, first as designed by FDR and then cer-

tainly on the Medicare Part A side by 1965, is very important to maintain. So I would not agree with that representation.

Senator STABENOW. What about the management, though? You have advocated for forms of privatizing Social Security. Is that not accurate? I have read things.

Dr. BLAHOUS. I understand that that terminology is sometimes used, but I have not advocated for privatizing Social Security. There have been various proposals put out over the years that would involve—

Senator STABENOW. Private accounts, for instance?

Dr. BLAHOUS. Right, and there were proposals to invest the trust fund in the stock market that were proposed by President Clinton. I was not in favor of those.

There were proposals put forward for privately administered personal accounts. I was not in favor of those.

When I worked in the George W. Bush White House, I worked on a proposal for him that would have established savings accounts within Social Security, but it would have been within the publicly administered structure. It would not have been privatized accounts.

Obviously, that was a job that I had with the Bush administration. I was very pleased to have that job, but it is not a job that has any particular bearing on what I do as a trustee.

Senator STABENOW. And I would just quickly ask Dr. Reischauer the same question in terms of cutting Social Security or privatizing, changing the structure of Social Security.

Dr. REISCHAUER. I think the basic structure is sound, but at this point, it is unaffordable, and we have to make some changes. Were I king for a day, I would probably give quite a different proposal than Chuck would. On the other hand, in the 5 years working together with him on the working group and as a trustee, I would have no indication of that. We work constructively in the trustee process.

You asked about benefits. That is a decision for the Congress. Are benefits in the aggregate too low or too high? I think very strongly that they are too low for a significant swath of the lower-income population.

Without throwing myself on the sacrificial table here, there are some of us who could see a slower growth in benefits over the future if that growth went to supporting the widows, the elderly, those with long careers at relatively low wages, who are having an extremely hard time and will have an even harder time in the future, as you point out, because of their lack of pensions and their lack of retirement savings, which is not their fault. The economy has not given them a job that had a pension, and they do not have the wherewithal—trying to put food on the table every day—to put money away for retirement in an IRA or something.

Senator STABENOW. Thank you, Mr. Chairman.

Senator COATS. Thank you, Senator.

Senator Brown?

Senator BROWN. Thank you.

As you know, there has been an 8-decade Manichean struggle in this country on the issue of social insurance and the role of government. I think that we have seen that play out in the Finance Com-

mittee a number of times. I want to reiterate what Senators Wyden and Stabenow said and with a bit more historical context.

Since 1983 when Congress established the public trustees' positions, neither this committee nor the full Senate ever voted to confirm a trustee for more than one term. You know that.

In 2006, when President Bush made the unprecedented decision to reappoint John Palmer and Thomas Saving to these positions, he did so over the bipartisan objection of then-chairman Grassley and then-ranking member Baucus.

Unfortunately, it appears this committee today has chosen to forgo that precedent and move forward with these nominations. By doing that, we set a dangerous precedent, not just because of the number of terms the trustees will serve. There is a larger stake in these nominations. These programs are among the most important in the country, affecting nearly every American. We need to think twice before we turn the role of trustee into a partisan position or an ideological position that can be used to undermine public confidence in Social Security.

Dr. Blahous has a long partisan history with respect to Social Security as Executive Director of President Bush's Commission to Strengthen Social Security. I love how we name things in this town.

Dr. Blahous has put forward proposals to privatize the program, plans that would turn the retirement that Americans have earned over a lifetime of work into yet another slush fund for Wall Street. Imagine—if they had succeeded in the beginning of the second Bush term—what would have happened to those accounts as the Bush economy was so deflated in 2008 and 2009.

Dr. Blahous has repeatedly argued for cutting benefits and raising retirement age, all under the guise of supposed reform. He is certainly free to do that as a private citizen. He is entitled to that perspective, a perspective frankly that is shared by too many people who dress like we do and get paid good salaries and who receive great health care and retirement benefits from taxpayers.

The American public does not share in these views. That is clear from the huge bipartisan response to the Bush efforts in 2005.

Dr. Blahous has been re-nominated to represent the public, hence the term "public trustee." By continuing this position, Dr. Blahous can use the title of public trustee to give the impression that there is official backing for an ideological agenda that most Americans surely do not support.

I am concerned there is no way for the average person to distinguish when Dr. Blahous is speaking as a public trustee and when he is speaking for the right-wing think tank that is his full-time employer.

For instance, in 2010, Dr. Blahous said in an article in which he was identified as a public trustee, bottom line, he was either for changes to the benefit formula or for big tax increases to the next generation. In a 2011 radio interview, again identified as a public trustee, representing the public, Dr. Blahous argued for the need to raise the retirement age of Social Security.

In 2015, while again identifying himself as a public trustee, he defended a highly partisan rule passed by the House of Representatives—we remember that last year—concerning Social Security dis-

ability insurance, saying, “There is no evidence suggesting that actual disability is more common than it was 30 years ago.” Again, he was identified as a public trustee but was speaking outside of his role as a public trustee.

These comments are misleading. They are hyper-partisan. They dismiss serious proposals for reform that would help seniors. But coming from a public trustee, they also erode trust in the program, pushing ideological agendas outside of the trustees’ mandate to educate the public about the trustees’ report.

We should be working to expand and strengthen Social Security. The Senate should not put someone in a position of public trust who helped write the blueprint to set up private accounts—that is what he says; we say privatizing Social Security—and collects a paycheck while promoting plans to cut senior benefits.

I understand today’s nominees fall under what is known as privileged status in the Senate, which means the chairman can move the nominees without a committee vote. This position is too important to deny this committee a vote. I made my concerns known to Chairman Hatch and to Ranking Member Wyden.

Dr. Blahous, I have three questions, if you would answer “yes” or “no.” The fourth question—you can expand on all of those. Answer the fourth question and then expand on the first three if you would.

First, do you believe any Social Security reform must include cuts to the program? Yes or no?

Dr. BLAHOUS. Must? No.

Senator BROWN. All right. Do you believe it is the proper role of a public trustee to advocate for specific Social Security solutions any time in his life, whether he is speaking as a trustee or identified as a trustee?

Dr. BLAHOUS. I believe it can be.

Senator BROWN. All right. And third, you have advocated for private accounts—that private accounts should be formed within Social Security. Do you believe it is the role of a public trustee, again, as a trustee or in your private life, to advocate for such a position?

Dr. BLAHOUS. I do not believe it is the role of a trustee to advocate for—

Senator BROWN. Is it a proper role of a trustee, even outside of the trustee’s role, identifying as a trustee, to speak on those issues that way in your other job?

Dr. BLAHOUS. I would not have a problem with a trustee in their other role arguing for private accounts, but I have not been arguing for private accounts. I worked in the Bush administration, and I worked on a private account proposal, but I have not been arguing for private accounts during my time as a trustee.

Senator BROWN. All right. Last question, and you certainly can take as much time as you need on this. Is it possible that taxpayers who read your writings, who listen to your speeches, who look at your publications for the Mercatus Center, most of which identify you as a public trustee, could be misled to believe that you are speaking for the Social Security program itself and for the Social Security Board of Trustees?

Dr. BLAHOUS. I suppose it is possible, but I would say I do not think it is any more likely than that one would assume that Sec-

retary Lew or Secretary Burwell are speaking for the trustees when they give a policy opinion on Social Security or Medicare.

There is an inherent tension in these positions, where we are all serving in other positions at the same time that we are trustees. It is understood that we do not bring that other work into our trustee work. It is also understood that we all have other work that we do and that it is not interpreted as all the trustees speaking for one another.

I would be concerned about there being any constraints uniquely on the public trustees relative to the other trustees. I think that would be a mistake and depart from congressional intent.

When the public trustee positions were established in 1983, it was, I think, in large part because there was a desire to have the public and lawmakers hear from trustees on issues surrounding Social Security and Medicare who were not simultaneously working as Cabinet officials for the administration.

So, again, I think all of us in the trustees' process take good care to make sure that our other jobs and duties do not interfere with our trustee work. With respect to the restraints that we impose on ourselves outside of our trustee work, there is definitely a role for restraint. Depending on the amount of time, I can talk about the various ways in which I think trustees should be self-restrained in how they write and communicate on these programs, but I would not want any perception of restraint and constraint to be placed uniquely on the public trustees relative to the others.

Senator BROWN. Thank you, Dr. Blahous.

One comment really quickly, Mr. Chairman. At the beginning of his more expansive statement, which I appreciate, he mentioned Secretary Lew. Secretary Lew will be identified on almost anything that he says about government as the Secretary of the Treasury. Dr. Blahous will be identified when he speaks about these issues from a more ideological perspective as a Social Security public trustee. That is the fundamental difference.

Senator COATS. If I could just ask a question for clarification. My understanding—and correct me if I am wrong—is that our two witnesses here, perhaps, have different thoughts, different ideas, different proposals relative to how benefits should be designed and so forth. But that is not your role.

Your role is simply mathematic, is it not? Is it not an analysis of numbers in terms of how the program is financed? Your role is not—we have asked you questions outside of that. You probably have both written and testified or given speeches or whatever about your personal thoughts as to how the program ought to be structured, what the benefits are, and so forth.

My understanding is that, in your role as a trustee, you do not have the authority to do anything other than report facts back to us so that we can use that information in terms of deciding how we can finance, what policy decisions we make relative to the Social Security and Medicare programs. Is that correct?

Dr. BLAHOUS. Right. It is an analytical role, and it is a reporting role. I think one handy way to think of it is that it does not really matter what our views are. What matters is whether we provide the information to you so that you can advance your legislative view of what needs to be done with Social Security.

Senator COATS. And, Dr. Reischauer, would you agree with that?

Dr. REISCHAUER. I would agree with that completely.

Senator COATS. So what is reported to us—by both of you, who may have different ideas as to how the program should be structured—has nothing to do with what we ultimately decide. You are just simply giving us the factual basis of the financing of what it is we have decided to do relative to Social Security benefits.

Dr. REISCHAUER. And the context and perspective can tilt how people look at facts, and we bend over backwards to try to make that as objective and neutral as possible. There is robust discussion among the ex officio representatives and us about, let us make sure this is right on the level and that it is not skewing—

Senator BROWN. Mr. Chairman? I would add, Mr. Chairman, that they do this in their work as trustees. It is when they are identified as trustees and speak out—we may not care; no disrespect to either of you—as distinguished academicians and beyond, as government servants.

We may not put a big premium on what they are saying about recommendations beyond their trustee work, but what they say to the body politic and to the public is characterized so often as, these are public trustees, they must be speaking for Social Security when they advocate positions.

Senator WYDEN. Mr. Chairman, I just want to clear up something on this point with respect to the dual roles. Dr. Blahous, my understanding is that, in writing and speaking about public policy issues, you sometimes refer to yourself as a Social Security public trustee.

My understanding is that you, Dr. Reischauer, do not. Is that correct?

Dr. REISCHAUER. It is inevitable that when we—either of us—appear, the people who are sponsoring the organization or whatever want to put down that, these people are trustees, because they want to do what Senator Brown suggests, tie whatever we might be saying to their particular—

Senator WYDEN. So somebody can introduce you as—

Dr. REISCHAUER [continuing]. And you always say, I am not speaking in my capacity as a trustee and what I say has no relevance to the trustees.

Senator WYDEN. And when you write articles, you do not claim to be a public trustee?

Dr. REISCHAUER. Right.

Senator WYDEN. Correct. Thanks. I needed to know. Thank you.

Dr. BLAHOUS. Could I speak to that and just clarify, because I want to be clear with the committee as to how I handle it—unless it is not wanted.

Senator WYDEN. Well, I want to make sure Senator Casey gets a chance to speak, and we are going to have votes, but I want to hear your point on that, because for me, that is an important distinction. When you write about public policy issues, you refer to yourself as a Social Security public trustee. Dr. Reischauer does not refer to himself as a public trustee, and it goes to this question of mixing the roles.

I think we should get to Senator Casey at this point.

Senator COATS. But I want to let Dr.—

Dr. BLAHOUS. I do not want to leave a misimpression that somehow I am handling things in a fundamentally different way from the way Dr. Reischauer does.

For example, if I were invited to be on a show and the topic was the Social Security and Medicare trustees' reports, I would think that it would be fine to be on there as a public trustee saying, here is what we found in the trustee's report.

If I were making an appearance where I was talking about my research for Mercatus or something, I would not go on there saying, here I am speaking for the trustees.

What I generally do—and I think this is important. My identification as a trustee is a standard part of my biography, and therefore, it is a standard part of the byline. But I think that is an important disclosure.

We have had instances in academia in recent years and controversies where people have not disclosed what their roles are with the government when they are out there giving policy views. While I do try to take care to distinguish anytime I am writing and giving my own views from when I am talking about what the trustees have found, I think it would be a mistake to conceal or withhold the information that I am serving as a public trustee. I think that would run afoul of some of the ethic of disclosure that has proved to be important and controversial in other instances involving academics over the years.

Senator COATS. Thank you, Doctor.

Senator CASEY?

Senator CASEY. Thank you, Mr. Chairman.

I am going to develop a line of questioning that was raised earlier. We appreciate you both being here and your service.

Especially when we are talking about Social Security, but I think it also applies to Medicare, we are talking about programs that have become such a part of the fabric of American life that they are in essence a basic promise. That promise that undergirds American life also is not just a nice commitment to keep. Both are—I think—central features of a kind of stability that we have in the country.

I think it was Senator Stabenow who raised the issue of retirement security being at risk. The number of defined benefits has gone way down, and there is a lot of economic uncertainty. So whether you think we should have a three-legged stool of security or four—whatever the analogy is, a lot of that has been either compromised or somehow undermined.

So how we deal with this question of appointment has to be tied to that basic promise and the stability that flows from that. I think this idea of having a fresh perspective is sound because of that—because of the promise we are trying to keep.

So whether you call it a new perspective or new ideas or having an outsider perspective after 1 term is up—others have used the word “watchdog.” I was a State auditor, elected twice, and one of the basic elements of that is your independence: you are separated from the work of an administration. You have a measure of difference or independence.

So when we are talking about a new perspective and new ideas, I think that is an important consideration. That is why I think this

tradition of having a turnover every 4 years is sound in this context.

One of the issues that has come before us that a lot of constituents have talked to us about is the backlog in processing for SSDI—Social Security Disability payments—and the applications for that. If you have that backlog persist too long and fester, like in any circumstance, that delay is not just an inconvenience. It has an outcome attached to it. I do not think it is a stretch to say in the context of SSDI, justice delayed is justice denied. If there is too long a delay, you do have a denial of justice or, at a minimum, a denial of determination or certainty for that individual.

So I guess if you are making the case that that tradition of turnover every 4 years should be upended—Dr. Reischauer, you talked about continuity and experience, and that is an argument to be made. I guess if you are making that argument and against the argument of turnover over the course of 4 years, and you are concerned about the promise, and you are concerned about making sure we have fresh perspective, and a fresh set of eyes, how can you demonstrate to us that there are either actions that you have taken in the past or new ideas that you would put forth in the future that would support your position?

Maybe I will just start with you, Dr. Reischauer. Then—

Dr. REISCHAUER. Well, with the particular example that you used, which is the backlog in DI, that is not a kind of issue that the trustees would be involved in. That is an explanation for why the rolls are going up, or going up more slowly or more rapidly than they have in the past. That might be discussed in a very objective way explaining why the numbers are what they are.

The idea that there are new or different perspectives out there, I think—this is not Silicon Valley. We are in touch with the academic community on the right, on the left, in the middle, or former colleagues, or friends of ours, or people who send us information. I do not think bringing somebody in who is new to the system is suddenly going to change anything. It is going to put people without any sort of experience about this very unusual working group process flailing around for a few years.

If you had information that Chuck and I were not contributing much to the discussion or the debate, or not influencing, or influencing in a pernicious way, the process, I would say “fine.” We should not be re-nominated or approved by the Senate. But I do not think that would be the case, and I think if you talk to folks who have been around this process for a long time, they would say maybe Bob and Chuck have too many fresh ideas.

This is a process which has a whole lot of stasis in it, of continuity, as it should. You do not want the actuaries out there saying, I think mortality is going to go down by a third next year, let us change the numbers, and then we have huge swings one way or another. These are very careful, sort of long-gestating changes that take place based on input from academics, from technical panels, from the two of us, and from the professional staffs of the departments and the Actuaries Office.

Senator CASEY. Doctor?

Dr. BLAHOUS. Sure. Four things come to mind in response to your question with respect to other perspectives, bringing fresh perspectives to bear.

One is, we just had a technical panel report presented to the trustees. It was presented after the end of our last term. So there is a whole new wealth of material and suggestions and recommendations for the trustees to pore through, put together by outside experts.

We have not been able to be a part of that process. I assume that the administration officials have received that and are digesting it. But I would not be surprised if they are feeling some inhibition about acting on any of it, because they are probably waiting to know who the public trustees are going to be and when they are going to be there. That would be my expectation.

Dr. REISCHAUER. I would just intervene and say that, in general, I thought the public trustees, and the two of us, at the last technical panel, its suggestions, the Medicare Technical Panel suggestions, were infused with the idea that we were much more in favor of pushing things forward and saying, are we going to respond to this? Let's go.

Now, I am not saying that two other people would not do the same thing. It would take them a few years to realize that that is their role, but they would fall into that pattern as well. But the administration folks tend to be more resistant to change, shall I say?

Dr. BLAHOUS. I agree with that. That is actually a good segue to my second thought, which is, in addition to the Technical Panel's recommendations that have come in the door, there is also just the things that Bob and I generate together.

Each year I have a grab bag of things that have not been looked at in the prior trustee report season that I want to kick up for discussion, and I run them past Bob. And he has some, and we decide which ones we are going to raise.

There is also, as Bob said, the third bucket, which is outside perspectives. There are people on the outside, academics who are in touch with many other people who have ideas of things we ought to review.

Fourth, often there are preexisting discussions within the trustees' process, where we are having trouble coming to closure on something. So it might be something like labor force participation. That is a very difficult thing to project accurately, and many people are wrestling with it. So we might bring in an outside expert to bring a perspective to the trustees' Working Group that we have not been able to generate internally.

So between those four buckets, we are kept pretty busy with an influx of fresh ideas.

Senator CASEY. I am out of time. Thank you very much.

Senator COATS. Thank you.

Senator SCHUMER?

Senator SCHUMER. Thank you, Mr. Chairman. I thank both of our witnesses for their service.

I want to just take a minute to echo Senator Brown's concerns about confirming our public trustees for a second term. The Senate has never confirmed a trustee for a second term, and, as public trustees are intended to act as outside watchdogs of Social Security

and Medicare and make sure the public has a say in how their hard-earned Social Security and Medicare dollars are being managed, as a result, it has been the practice to appoint public trustees for only a single term.

Senator Grassley and former Senator Baucus knew this when they led the committee in 2006. They both condemned President Bush for his recess appointments of the public trustees then. That is the only time the trustees have served two terms.

Even more importantly, I have real concerns about this position. I understand the fiduciary and administrative responsibilities, but I think you have to be a guardian of Social Security. We all know there are huge efforts to change Social Security, to privatize it, to undo it, to cut it. And I, Dr. Blahous—we do have in common the name Chuck—have real concerns about voting for you on this board, not because of your integrity or government service—you are a fine person—but because of your views.

You worked on President Bush's efforts to privatize the program. I know that that does not mean you agree with it. You endorsed the Republicans' opposition to reallocating payroll taxes to the Disability Fund. Many people who want to weaken Social Security have that position, and if the reallocation had not occurred, there would be benefit cuts or tax increases.

As outlined in a letter sent to the President opposing your nomination, there are real concerns. Again, you only teach there, but you are at an institute, at George Mason University, that is known for having a great deal of funds from the Koch Brothers, who were probably the leading opponents. Charles Koch is on the board of the Mercatus Institute. He is probably one of the leading opponents of Social Security in America.

So I have to say I would oppose your nomination. Social Security is too precious, is too needed. With pensions in the mess they are in, we need Social Security.

My view is, the greatest problem America faces economically is that median income is declining. It is harder to get to the middle class. It is harder to stay in the middle class. The last thing we need now is to undo one of the most successful safety nets in the history of the world, which is Social Security.

So I just—reluctantly—because somebody who has served, I appreciate. You seem like a nice man, a fine man, but reluctantly I have to oppose your nomination, and I have great respect for Dr. Reischauer. If that means both of them go together, I know that is the price you pay for doing this, but I just feel we are at a flex point in America, and this idea that helping the wealthiest people not pay taxes, getting rid of government regulation, tearing down government, is the worst thing that could happen.

I would hope we could have a coalition of Democrats and Republicans to improve funding for education, for infrastructure, for NIH, and for things like Social Security, Medicare, Medicaid, and health care.

So you have sounded, if you will, the wrong note on these issues throughout your career. It is not one instance, and I will have to oppose your nomination, with reluctance, because I think you are a nice, fine person.

Senator COATS. With the prerogative of being chairman, the privilege of being chairman, I just want to, for the record, clarify things.

Neither one of you has any authority to change the policy of Social Security. You are simply reporting an analysis of the costs, the financial—whatever is chosen—consequences of that choice. That is provided to us so that we are in a better position to make a decision as to whether it is viable to go forward, backward, sideways, or stay the same, or whatever. Neither one of you has any influence under the obligations that you have in serving on the commission that would influence us in terms of what we select as a policy matter, not as a financial one. Is that correct?

Dr. BLAHOUS. That is correct.

Dr. REISCHAUER. That is correct.

Senator COATS. And you are both 100-percent supportive of each other's position in that regard?

Dr. BLAHOUS. Absolutely.

Dr. REISCHAUER. We worked extremely well together, although we disagree on sort of the fundamental policy issues. With respect to the duties of the public trustees, I have had a tremendous collegial working relationship with Chuck.

Dr. BLAHOUS. I would not want to work with anybody else.

Senator COATS. Very good. I appreciate your being here for this nomination hearing. If there are questions, to my colleagues who are not here—I need to state this for the record. Any questions for the record should be submitted by no later than Monday, May 16th. Staff will pass that on.

Thank you very much for your testimony here today. I think it was important for us to hear what it is you do and what it is you do not do.

With that, this hearing is adjourned.

[Whereupon, at 4:20 p.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. CHARLES P. BLAHOUS III, PH.D., NOMINATED TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST FUND, A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND, AND A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND

Thank you, Chairman Hatch, Ranking Member Wyden, and members of the committee. It is a great honor to be nominated to serve again as one of the two public trustees for Social Security and Medicare.

Before I begin with the substantive portion of my remarks, some thanks are in order. First I would like to thank President Obama for the honor of placing my nomination before the Senate. I also thank Senate Majority Leader McConnell for the trust he placed in me in putting my name forward for this important position.

I would like to thank my wife Jill and my daughter Juliana, who unfortunately could not be here today, for their constant support and many sacrifices for my career in public service. I have been blessed to have my family's encouragement and counsel with each new challenge.

Particular thanks are due to the members of this committee, to the United States Senate as a whole, and to the members of the U.S. House of Representatives. I am deeply appreciative of the unfailing courtesy with which I personally have been treated by Members of Congress in both chambers, on both sides of the aisle, as well as by their staffs. My appreciation, however, is based not only on these personal considerations, but on Congress's general comportment with respect to the trustees' process as established under the Social Security Act.

Social Security and Medicare are perhaps the most important domestic programs the Federal Government has ever established. Their financial soundness is central to the economic security of millions of Americans today and in the future. The Social Security and Medicare trustees play an indispensable role in equipping the Congress and the administration with the information required to enable these vital programs to function as desired.

It has been extremely gratifying to witness as a trustee the respect with which Members of Congress treat the trustees' reporting process. At a time when confidence in so many public institutions is under siege, lawmakers have recognized the importance of Americans being served by credible, which is not to say infallible, projections for the futures of Social Security and Medicare.

Some of the most satisfying moments of trustee work come when testifying before Congress and a Member on one side of the aisle cites data from the trustees' report to support a particular policy viewpoint, after which another Member on the other side uses data from the same report to support a different policy viewpoint. This is only possible because Members on both sides safeguard the integrity of the trustees' work, and I am as grateful for this dynamic as I am for any kindness extended to me personally.

The public trustees' positions were established in the comprehensive Social Security reforms of 1983, to maintain public confidence in the management of the trust funds and to ensure that program finances were persistently reviewed by bipartisan outside observers. While forecasting is an imperfect science, my experience as a

trustee is that this work is conducted according to the highest principles of public service. While only time will attest to the accuracy of the projections, it is not too soon to vouch for the integrity of the process by which they are made.

Each year, the trustees make assumptions about trends in fertility, longevity, worker productivity, price inflation (specifically in the case of Medicare, health care cost inflation), immigration, real wage growth, labor force participation, and other relevant variables, both in the short-term and in the long-term. Public confidence in the trustees' projections rests in large part on whether these assumptions are regarded as reasonable and objective.

To assist in realizing this ideal, the trustees bring many perspectives to bear from both inside and outside our working group—including the nonpartisan staff of the offices of the Social Security Actuary and CMS Medicare Actuary, technical panels periodically convened to assist respectively with Social Security and Medicare projections, outside analysts such as those at the Congressional Budget Office or elsewhere in academia, and many others.

It has been my experience that participants in the trustees process, ranging all the way from the managing trustee Treasury Secretary Jack Lew, HHS Secretary Sylvia Burwell, Labor Secretary Tom Perez, and Acting Commissioner Carolyn Colvin to the various staff laboring in the different executive branch departments, conduct themselves with the appropriate respect for this important work—a characterization that I hope can also be applied to our service as public trustees. It has been a particular privilege and pleasure to serve alongside Dr. Robert Reischauer in this role. I learn not only analytical substance from Bob but also from his example of constant professionalism.

If confirmed to serve again as a public trustee, I would look forward to contributing to the best of my ability to the trustees' process, and to maintaining public confidence in these vital reviews of Social Security and Medicare program finances.

Thank you. I would be glad to take any questions.

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

A. BIOGRAPHICAL INFORMATION

1. Name (include any former names used): Charles Paul Blahous III (“Chuck”)
2. Position to which nominated:
 - Member of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund
 - Member of the Board of Trustees of the Federal Hospital Insurance Trust Fund
 - Member of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund
3. Date of nomination: August 5, 2015
4. Address (list current residence, office, and mailing addresses):
5. Date and place of birth: September 12, 1963 (Alexandria, VA)
6. Marital status (include maiden name of wife or husband’s name):
7. Names and ages of children:
8. Education (list secondary and higher education institutions, dates attended, degree received, and date degree granted):
 - Ph.D., University of California/Berkeley, att. 1985–1989, degree 1989 (chemistry).
 - AB, Princeton University, att. 1981–1985, degree 1985 (chemistry).
 - Hampton High School, Allison Park, PA, att. 1977–1981, graduated 1981.

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):

Public Trustee, Social Security and Medicare Trust Funds 9/2010–7/2015. Work conducted primarily in Washington, DC and Rockville, MD.

Mercatus Center at George Mason University, Director, Spending and Budget Initiative (also Senior Research Fellow), Arlington, VA (work also performed in Rockville, MD) 8/2011–Present (SBI Director since 1/2014).

Research Fellow, Hoover Institution at Stanford University, Stanford, CA (work generally performed in Rockville, MD) 5/2010–Present.

Contributing author, E21 (Economics21.org), Washington, DC (work generally performed in Rockville, MD) 12/2009–Present.

Policy consultant, DeMatteo Monness LLC, New York, NY (locations of consultations varied; phone consultations generally done from Rockville, MD) 2/2010–Present (have not been paid or performed work since 2011).

Advisor, PriceWaterhouseCoopers, New York, NY (work generally performed in Rockville, MD) 3/2009–12/2013.

Senior Advisor, Palisades Capital, Washington, DC (work generally performed in Rockville, MD) 2/2009–12/2013 (uncompensated after 2010).

Senior Research Fellow, Fiscal Policy Program (nominal association, no compensation), New America Foundation, Washington, DC 5/2010–6/2011.

Senior Advisor, TIAA, New York, NY (most work performed in Rockville, MD) 3/2010–12/2010.

Public Policy Scholar, Woodrow Wilson Center, Washington, DC (office in Ronald Reagan building) 1/2010–4/2010.

Senior Fellow, Hudson Institute, Washington, DC (work generally performed in Rockville, MD) 1/2009–4/2010.

Eccles Scholar and Leavitt Fellow, Southern Utah University, Cedar City, UT (some teaching via videoconference from Rockville, MD, remainder on site at Cedar City campus) 8/2009–12/2009.

Deputy Director of the National Economic Council, Executive Office of the President, The White House, Washington, DC 12/2007–1/2009.

Special Assistant to the President for Economic Policy, Executive Office of the President, The White House, Washington, DC 2/2001–12/2007.

Executive Director, Alliance for Worker Retirement Security, Washington DC 6/2000–2/2001.

Policy Director, U.S. Senator Judd Gregg, Washington, DC 10/1996–6/2000.

Legislative Director, U.S. Senator Alan Simpson, Washington, DC 8/1994–10/1996.

Legislative Assistant, U.S. Senator Alan Simpson, Washington, DC 10/1990–8/1994.

Congressional Science Fellow (sponsored by the American Physical Society), Office of U.S. Senator Alan Simpson, Washington, DC 9/1989–9/1990.

Research Assistant, Center for Computational Chemistry, University of Georgia, Athens, GA 1987–1989. (I was a doctoral student at University of California/Berkeley during this time; I completed my Cal doctorate off-campus at University of Georgia, working there as a research assistant.)

Teaching/Research Assistant, Graduate School of Chemistry, University of California/Berkeley, Berkeley, CA 1985–1987.

Summer Assistant, PPG Industries, Springdale, PA Summer 1985.

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):

While serving as a Special Assistant for Economic Policy for President Bush, I also served as the Executive Director of the President's Commission to Strengthen Social Security (May 2001–January 2002.)

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):

Compensated positions held as a trustee, program director, advisor, or consultant are listed under question #9. I am also currently serving (uncompensated) as a member of a commission on retirement security operated by the Bipartisan Policy Center.

I also served as an (uncompensated) member of the Board of the National Foundation for Credit Counseling from 10/2010–9/2015.

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

National Academy of Social Insurance (2003–Present)

Council on Foreign Relations (2000–2001)

American Association for the Advancement of Science

American Chemical Society

American Physical Society

(I do not have precise dates of membership in the scientific societies. I believe that each membership began circa 1989, and expired a few years afterward.)

Society for American Baseball Research (1987–2001)

U.S. Chess Federation (1991–2003)

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.

I belonged to the Alexandria Republican City Committee in the late 1990s until ~15 years ago. There I served on a “shadow committee” for budget and fiscal affairs.

- 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.

Elise Stefanik for Congress, \$50, 1/2/2014. (I believe this is the only one and have searched online and through my records for any I may have forgotten, but did not find any others.)

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):

Senior Research Fellow, Mercatus Center at George Mason University (2011–Present); Research Fellow, Hoover Institution at Stanford University (2010–Present); Fellow, E21 (2009–Present)—(I consider myself a contractual contributing author to E21 since 2009 but I believe that since the Manhattan Institute took over E21 in late 2013, my relationship has been structured as a “fellowship”); Senior Research Fellow, Fiscal Policy Program, New America Foundation (2010–2011) (the NA fellowship was a relationship that began on a nominal basis with the understanding that I might be compensated for individual projects agreed upon; we never got around to arranging any, so in 2011 we simply terminated the association); Public Policy Scholar, Woodrow Wilson Center (2010); Senior Fellow, Hudson Institute (2009–2010) (during most of my time with Hudson they were administering a grant I received from the Smith-Richardson Foundation to write about Social Security); Eccles Scholar and Leavitt Fellow, Southern Utah University (2009); 2001 Distinguished Service Award (White House); Congressional Science Fellow 1989–1990 (American Physical Society); 1985 McKay Prize in Physical Chemistry (Princeton University); Mahan Memorial Teaching Award (University of California/Berkeley); National Merit Scholarship (received 1981) (I assume I need not include honors from back in high school; am including the National Merit Scholarship here solely because it was used for college and the instructions direct the listing of “scholarships.”)

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

Books

- *Social Security: The Unfinished Work*, Hoover Institute Press, 2010.
- *Pension Wise: Confronting Employer Pension Underfunding*, Hoover Institute Press, 2010.
- *Reforming Social Security: For Ourselves and Our Posterity*, Praeger Publishers, 2000.

Reports

(The reports below were co-authored with the other Social Security and Medicare trustees; the two Social Security commission reports were authored by the commission while I was a drafter at the staff level).

- With the Social Security and Medicare Boards of Trustees, *2015 Annual Trustees' Reports and Status of the Social Security and Medicare Programs* (a summary of the reports).
- With the Social Security and Medicare Boards of Trustees, *2014 Annual Trustees' Reports and Status of the Social Security and Medicare Programs* (a summary of the reports).
- With the Social Security and Medicare Boards of Trustees, *2013 Annual Trustees' Reports and Status of the Social Security and Medicare Programs* (a summary of the reports).
- With the Social Security and Medicare Boards of Trustees, *2012 Annual Trustees' Reports and Status of the Social Security and Medicare Programs* (a summary of the reports).
- With the Social Security and Medicare Boards of Trustees, *2011 Annual Trustees' Reports and Status of the Social Security and Medicare Programs* (a summary of the reports).
- With President's Commission to Strengthen Social Security, *Strengthening Social Security and Creating Personal Wealth for All Americans*, Final Report of the Commission, December 2001.
- With the President's Commission to Strengthen Social Security, *Interim Report of the President's Commission*, August 2001.

Articles, Chapters and Papers (titles sometimes written by others)

- "How Social Security's COLA Politics Lead to Bad Policy," E21, November 22, 2015.
- "Covering Pre-existing Conditions without a Comprehensive Insurance Mandate," E21, November 10, 2015.
- "Future Work Still Needed after Budget's Disability Fix," E21, November 2, 2015.
- "Distinguishing Policy from Politics in the Cadillac Plan Tax," E21, October 5, 2015.
- "An Overdue Budget Reform: Prohibit Double-Counting of Medicare Savings," E21, September 20, 2015.
- "The Fiscal Consequences of the Affordable Care Act" (chapter of "The Future of Healthcare Reform in the United States"), University of Chicago Press, September 2015.
- "Six Mistakes Paul Krugman Makes about Medicare's Finances," E21, August 31, 2015.
- "A Warning from the Medicare Trustees" (a guide to the 2015 Medicare trustees' report), E21, July 30, 2015.
- "Time Is Running Out to Fix Social Security" (a guide to the 2015 Social Security trustees' report), E21, July 29, 2015.
- "Repealing Obamacare Would Lower Federal Deficits," E21, June 22, 2015.
- "The Social Security Trustees' Projection Process: Imperfect but Indispensable," E21, June 1, 2015.
- "The Social Security Trustees' Respectable Projection Record," E21, June 1, 2015.
- "Costs of Merging Social Security Retirement and Disability Funds," E21, April 27, 2015.
- "Gaming Out the Scenarios in King v. Burwell," E21, April 13, 2015.
- "CBO Says ACA Will Insure Fewer People than Predicted," E21, March 16, 2015.
- "A Solid Choice for CBO Director," E21, March 2, 2015.
- "Mindless Yes, Austerity No: The Real Budget Problem," E21, February 19, 2015.

- “Warning: Disability Insurance is Hitting the Wall,” E21, January 15, 2015.
- “Picking the Right CBO Director,” E21, January 5, 2015.
- “Gruber and Barro Are Wrong to Assume the Public is Stupid,” E21, November 19, 2014.
- “Congress Can Fix the ACA with These 3 Principles,” E21, November 10, 2014.
- “Budget Committee Report Confirms the ACA Worsens the Deficit,” E21, November 3, 2014.
- “Losing Employer-Provided Coverage: Another ACA Prediction Comes True,” E21, October 14, 2014.
- “Sorry, NYT, the Medicare Cost Problem Remains Unsolved,” E21, September 17, 2014.
- “A Guide to the 2014 Medicare Trustees’ Report,” E21, August 6, 2014.
- “A Guide to the 2014 Social Security Trustees’ Report,” E21, August 4, 2014.
- “An Unfolding Fiscal Disaster,” *The Weekly Standard*, July 14, 2014.
- “The U.S. Workforce, Wasting Away,” *Hoover Digest*, July 9, 2014.
- “A One-Sided White House Report on Medicaid Expansion,” E21, July 7, 2014.
- “I Was Right about the ACA,” E21, June 30, 2014.
- “CBO’s Not the Problem, the ACA Is,” E21, June 25, 2014.
- “Social Security Adds to the Deficit,” *Los Angeles Times* online edition, June 12, 2014.
- “Rubio’s Retirement Security Vision,” E21, June 9, 2014.
- (With Keith Hall), “Jobs: The Best Way to Fight Poverty,” *The Hill*, April 30, 2014.
- “The Unfolding Fiscal Disaster behind ACA Enrollment Figures,” E21, April 17, 2014.
- “The Secret Assumptions behind Federal Budgets,” E21, April 9, 2014.
- “Changes to Medicaid under the Affordable Care Act” (chapter in *The Economics of Medicaid*), Mercatus Center, April 8, 2014.
- “The War on Paul Ryan,” E21, March 5, 2014.
- “Beyond the Spin: Why It’s Terrible News that the ACA Lowers Employment,” E21, March 3, 2014.
- “Reform Entitlements—or Go Bust,” *Washington Examiner*, February 24, 2014.
- “Record-High Deficits Are Not ‘Austerity,’” E21, February 21, 2014.
- “CBO: The Affordable Care Act is Driving Workers Out of the Workforce,” E21, February 5, 2014.
- “The Great Unraveling,” *Hoover Digest*, January 21, 2014.
- “The Healthcare Cost Slowdown,” *Defining Ideas*, Hoover Institution, January 14, 2014.
- “Will the Recent Slowdown in Health Care Cost Growth Improve Medicare’s Financing Outlook?,” Mercatus Center, January 14, 2014.
- “Why Slower Health Care Cost Inflation Isn’t Fixing Medicare Finances,” E21, January 14, 2014.
- “Don’t Worsen Social Security’s Soaring Cost Problem,” E21, December 23, 2013.
- “No Grounds for Claim that Obamacare Lowers Health Care Costs,” E21, November 25, 2013.
- “Why We Have Federal Deficits: The Policy Choices that Created Them,” Mercatus Center, November 14, 2013.
- “Why We Have Federal Deficits,” E21, November 14, 2013.
- “Obamacare’s Financial Unraveling: Predictable, and Predicted,” Real Clear Markets, October 9, 2013.
- “The Federal Fiscal Predicament: What Seems Better is Actually Worse,” E21, June 27, 2013.
- “A Guide to the 2013 Medicare Trustees’ Report,” E21, June 11, 2013.
- “A Guide to the 2013 Social Security Trustees’ Report,” E21, June 7, 2013.
- “How Would Immigration Reform Affect Social Security Finances?,” E21, May 29, 2013.
- “Understanding the Ryan and Murray Budgets,” E21, March 20, 2013.
- “The Affordable Care Act’s Optional Medicaid Expansion: Considerations Facing State Governments,” Mercatus Center, March 5, 2013.
- “Expanding Medicaid: The Conflicting Incentives Facing States,” E21, March 5, 2013.

- “Are We Underestimating the Social Security Shortfall?”, E21, February 13, 2013.
- “Obamacare’s Fiscal Nightmare,” *Defining Ideas*, Hoover Institution, February 7, 2013.
- “Ten Things the Latest CBO Report Tells Us about Federal Finances,” E21, February 6, 2013.
- “Understanding Social Security Benefit Adequacy: Why Benefit Growth Should Be Slowed,” E21, January 31, 2013.
- “Is It Time for Deficit Hawks to Walk Away from the Bargaining Table?”, E21, December 12, 2012.
- “The Fiscal Cliff: The Worst of Both Worlds,” *Reason*, December 11, 2012.
- “Eight Common Sense Suggestions for the Fiscal Discussions,” E21, December 5, 2012.
- “Understanding Social Security Benefit Adequacy: Myths and Realities of Social Security Replacement Rates,” Mercatus Center, November 15, 2012.
- (With Jason Fichtner), “Limiting Social Security’s Drag on Economic Growth,” Mercatus Center, November 1, 2012.
- (With Jason Fichtner), Chapter 15, “Social Security Reform and Economic Growth,” chapter of *The 4% Solution*, George W. Bush Institute, 2012.
- “The Real Stakes in the Medicare Debate,” E21, October 23, 2012.
- “The End of Social Security Self-Financing: What Does it Portend for Social Security’s Future?”, Mercatus Center, October 10, 2012.
- “The End of Social Security Self-Financing: What Next?”, E21, October 10, 2012.
- Contribution to “E21 Debate Primer: What Should We Really Be Asking Candidates?”, E21, October 2, 2012.
- “Is it Becoming Too Late to Fix Social Security’s Finances?”, E21, August 31, 2012.
- “How Did Federal Surpluses Become Huge Deficits?”, E21, August 20, 2012.
- “Yet Another Fiscal Turn for the Worse: Understanding the CBO Re-score of the 2010 Health Care Law,” E21, July 25, 2012.
- “Did the Supreme Court Ruling Render the Health Law’s Finances Untenable?”, E21, June 29, 2012.
- “Does the Government Really Need More Help Than the Private Sector?”, E21, June 14, 2012.
- “What the Recent CBO Reports Tell Us About Fiscal Stimulus and the Federal Budget,” E21, June 11, 2012.
- “Should Congress Change CBO’s Scorekeeping Rules?”, E21, May 29, 2012.
- (With Jim Capretta), “Exposing the Medicare Double Count,” *Wall Street Journal*, May 2, 2012.
- “A Guide to the 2012 Medicare Trustees’ Report,” E21, April 30, 2012.
- “A Guide to the 2012 Social Security Trustees’ Report,” E21, April 26, 2012.
- “Yes, the Health Law Worsens the Deficit,” E21, April 18, 2012.
- “Health Law Cripples Federal Finances,” *Washington Times*, April 10, 2012.
- “The Fiscal Consequences of the Affordable Care Act,” Mercatus Center, April 10, 2012.
- “The Fiscal Consequences of the Affordable Care Act,” E21, April 10, 2012.
- “The Dark Side of the Payroll Tax Cut,” *Defining Ideas*, Hoover Institution, February 24, 2012.
- “How Not to Make Public Policy: The Payroll Tax Cut,” E21, February 15, 2012.
- “Don’t Repeat Costly Policy Mistakes with Employer-Provided Pensions,” E21, February 13, 2012.
- “Time to End ‘Temporary’ Tax and Spending Policies,” E21, February 6, 2012.
- “Why There is No Bipartisan Budget Deal,” E21, December 19, 2011.
- “What’s in the Social Security Trust Funds, or: Why Continuing the Payroll Tax Cut Could Eventually End Social Security as We Know It,” E21, December 12, 2011.
- “The Private-Sector Pension Predicament,” *Policy Review*, Hoover Institution, December 2011–January 2012, No. 170.
- “How Are the Presidential Contenders Doing on Social Security?”, E21, November 28, 2011.
- “Backing Away from Confronting Social Security’s Realities,” E21, November 10, 2011.

- “How the CLASS Act’s Demise Ends the Fiscal Argument for the 2010 Health Care Law,” E21, October 24, 2011.
- “‘Supporting’ 400,000 Education Jobs: An Unsupported Claim,” E21, October 13, 2011.
- “Understanding the Stimulus Debate: It’s not 2001 Anymore,” E21, September 23, 2011.
- “The Jobs Bill: Pretending to Fund Social Security,” E21, September 19, 2011 (condensed and reprinted at *foxnews.com*, September 23, 2011).
- “How the Super-Committee Might Break the Budget Logjam,” E21, September 2, 2011 (condensed and reprinted in the September 2, 2011 *Daily Caller*).
- “Five Myths About Social Security and Medicare,” *Defining Ideas*, Hoover Institution, August 26, 2011.
- “Job One for the Budget Super-Committee: Cut the New Health Entitlement’s Cost,” E21, August 23, 2011 (condensed and reprinted in the August 24, 2011 *Daily Caller*).
- “Don’t Allow Another Payroll Tax Accounting Gimmick,” E21, July 26, 2011 (condensed and reprinted in the July 27, 2011 *Daily Caller*).
- “The Gang of Six Framework: A Step Backward for Social Security Reform,” E21, July 20, 2011 (condensed and reprinted in the July 21, 2011 *Daily Caller*).
- “Reforming CPI: Not a ‘Grand Bargain’ but a Prudent Reform,” E21, July 12, 2011.
- “AARP’s Social Security ‘Shift’: Much Ado About Nothing?,” E21, June 30, 2011.
- “A Primer on the Social Security and Medicare Trustees’ Reports: Part II—Quantitative Findings,” E21, June 2, 2011.
- “A Primer on the Social Security and Medicare Trustees’ Reports: Part I—Concepts,” E21, May 23, 2011.
- “Social Security and Longevity Increases: Getting the Facts Right,” E21, May 12, 2011.
- “The Real Bipartisan Compromise: Cut Spending on the Rich,” E21, May 11, 2011.
- “The Administration’s PBGC Premium Proposal Deserves Support,” E21, April 18, 2011.
- “Still No Clear Social Security Policy,” Advancing a Free Society blog post, Hoover Institution, April 13, 2011.
- “Why Raising Social Security’s Tax Cap Wouldn’t Eliminate Its Shortfall,” E21, April 12, 2011.
- “The Ryan Budget: The Real Choice We Face,” E21, April 7, 2011.
- “Social Security’s Possible Fate: Done In by its Friends,” *Washington Post*, March 25, 2011.
- “Social Security: Chronicle of a Death Foretold?,” *Defining Ideas*, Hoover Institution, March 17, 2011.
- “The ‘Other’ Pension Crisis: Options for Avoiding a Taxpayer Bailout of the PBGC,” Mercatus Center, March, 2011.
- “In Defense of the Simpson-Bowles Social Security Plan, Part 2,” E21, March 2, 2011.
- “In Defense of the Simpson-Bowles Social Security Plan, Part 1,” E21, February 28, 2011.
- “Why the Health Care Law Increases the Gross Federal Debt,” E21, February 17, 2011.
- “Nobody is Proposing to Slash Social Security Benefits,” *Wall Street Journal*, February 3, 2011.
- “Understanding the President’s SOTU Social Security Language,” E21, January 27, 2011.
- Contribution to “SOTU Viewer’s Guide,” E21, January 25, 2011.
- “Days of Reckoning,” *Hoover Digest*, January 12, 2011.
- “Dispelling the Myth of ‘Targeting Social Security,’” E21, December 22, 2010.
- “How to Run a Successful Commission (or Not),” E21, December 16, 2010.
- “The Payroll Tax Cut: Effective Stimulus, Phony Accounting,” E21, December 8, 2010.
- “The Social Security Challenge,” *Policy Review*, Hoover Institution, December 6, 2010.
- “Social Security Shortfall Warrants Action Soon,” E21, November 30, 2010.
- “Winners and Losers Under the Simpson-Bowles Social Security Plan,” E21, November 29, 2010.

- “The Bipartisan Policy Center’s Tax-Heavy Social Security Plan,” E21, November 23, 2010.
- “Slowing Down Social Security’s Retirement Age Increase,” E21, November 18, 2010.
- “Fairly Understanding the Simpson-Bowles Social Security Proposal,” E21, November 11, 2010; reprinted by the *Daily Caller*.
- (With Robert Greenstein), “Social Security Shortfall Warrants Action Soon,” Pew Charitable Trusts, Pew Fiscal Analysis Initiative, November 9, 2010.
- “The Crass Distortion of Paul Ryan’s Social Security Proposals,” E21, October 22, 2010.
- “Is Everyone Just Imagining the Government Spending Explosion?,” E21, October 21, 2010.
- “CRFB’s Constructive Social Security Proposal,” E21, October 14, 2010.
- “Why Tell-All Books Distort Rather than Illuminate the White House Policy Process,” E21, September 27, 2010, reprinted by the *Daily Caller*.
- “Change at the National Economic Council: What Does It Mean?,” E21, September 24, 2010, reprinted by the *Daily Caller*.
- “Social Security and Work,” *National Affairs*, Winter 2010 edition.
- “Social Security’s Grim Milestone: Half a Year in the Red,” E21, December 7, 2009.
- “CBO’s Prediction of Impending Social Security Deficits: What Does it Mean?,” *Self-Directed Investor*, October 9, 2009.
- “What Drop in Benefits? The Phony Social Security COLA Controversy,” *Washington Post*, August 25, 2009.
- “Plan Still \$820 Billion Above the Target,” *Politico*, July 29, 2009.
- (With Scott Nystrom), “Save the Date: Social Security Will Go Broke,” *Forbes*, July 29, 2009.
- “Revisiting Health Care Reform and Fiscal Restraint,” *Self-Directed Investor*, July 24, 2009.
- “CBO Explodes the Health Care Myth,” Hudson Institute, June 30, 2009.
- “Don’t Look Now, but There Goes the Social Security Surplus,” *Self-Directed Investor*, May 22, 2009.
- (With Brad Belt), “Spare Taxpayers the Bill for Detroit’s Pensions,” *Financial Times*, May 21, 2009.
- “The Worsening Social Security Outlook: A Guide to the 2009 Trustees’ Report,” Hudson Institute, May 13, 2009.
- “Social Security Myths,” *National Review*, May 4, 2009.
- “A Funny Thing Happened to the Budget Baseline,” Hudson Institute, March 2, 2009.
- “Social Security Fix Demands Honest Numbers,” *Bloomberg.com*, February 27, 2009.
- “The 1983 Social Security Reforms: Real and Misremembered Lessons for Today’s Leaders,” Hudson Institute, February 20, 2009.
- “Shelter for Our Social Security,” *Washington Post*, November 6, 2000, p. A35.
- (With Senator Judd Gregg), “Confronting an Aging World,” *Washington Quarterly*, 23:3, pp. 213–224.
- “The Virtual Hall of Fame” (as Randy St. Loup), *The 1999 Big Bad Baseball Annual*, Masters Press.
- “The Should-Have-Hit-500 Club,” *Baseball Research Journal*, 1998.
- (With BF Yates, YM Xie, and HF Schaefer), “Symmetry-Breaking in the NO₂ Sigma Radical,” *Journal of Chemical Physics*, v. 93 (#11), 1990.
- (With YM Xie and HF Schaefer), “The Infrared Spectrum of Trimethylenemethane,” *Journal of Chemical Physics*, v. 92 (#2), 1990.
- (With HF Schaefer), “(NH)₆: The Amino-Analogue of Cyclohexane,” *Theochem—Journal of Molecular Structure*, v. 59, 1989.
- (With YM Xie, RD Davy, Y Yamaguchi, and HF Schaefer), “NO₂ Radical Spectroscopy,” *Journal of Chemical Physics*, v. 135 (#2), 1989.

- (With HF Schaefer), “Geometrical Structure and Vibrational Frequencies for the Oxygen Analogue of Hexasulfur,” *Journal of Physical Chemistry*, v. 92 (#4), 1988.
16. Speeches (list all formal speeches you have delivered during the past 5 years which are on topics relevant to the position for which you have been nominated):

These are speeches for which I have found records of written remarks. These do not include less formal remarks I made on discussion panels or for which I used other references such as power point slides.

- “Keynote Address,” National Foundation for Credit Counseling, Annual Conference, October 3, 2012.
 - “Contrarian Views on Retirement Policy,” Keynote Address, Wharton, Pension Research Council, May 5, 2011.
 - “Social Security: The Unfinished Work,” ValueForum InvestFest Keynote Address, April 2, 2011.
 - “Social Security: The Unfinished Work,” American Enterprise Institute, February 22, 2011.
 - “Social Security: The Unfinished Work,” Greater McLean Republican Women’s Club Luncheon, February 17, 2011.
 - “Social Security: The Unfinished Work,” Heritage Foundation, December 6, 2010.
 - “Untitled remarks on Social Security,” two essentially similar speeches given October 30 and November 6, 2010 at events of Beacon monthly periodical.
17. Qualifications (state what, in your opinion, qualifies you to serve in the position to which you have been nominated):

I have served a full term as a public trustee for Social Security and Medicare and in that service have learned a tremendous amount about the trustees’ analytical methods and general responsibilities. This work required me to review the projection methodologies underlying five annual trustees’ reports, as well as compose and edit language and graphical presentations therein. I have also presented the trustees’ findings as a witness testifying at several congressional hearings. My work as a trustee has built upon several years of prior experience in researching and writing about the financing issues surrounding the Social Security trust funds. With 11 years of experience working in the Senate, 8 years working in the White House, and roughly 5 working as a trustee, I have studied Social Security finances from legislative, administrative, and public trustee perspectives. I have also worked successfully with other individuals participating in the trustees’ process from a variety of perspectives and departments. I believe I have demonstrated the appropriate respect for the trustees’ role and a process that I strongly believe is serving the public very well. Together with my fellow public trustee Robert Reischauer, I have vouched for the objectivity and integrity of the trustees’ process without caveat or reservation; we have been able to do this because of the considerable time and effort we have invested in ensuring that the annual trustees’ reports fulfill their essential public information purposes.

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.
No. A public trustee position, while a great honor, is uncompensated other than for expenses and days spent on trustee work, and I would need to continue my current employment.
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.
I expect to continue the employment described earlier in this questionnaire. I will evaluate other employment opportunities as they arise.
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.

I do not currently have agreements for employment beyond those with the Mercatus Center at George Mason University, the Hoover Institution at Stanford University, and E21, operated by the Manhattan Institute. In theory, other employers listed previously could approach me about isolated project opportunities at any time, but there are currently no such inquiries outstanding.

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.

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. I have many published writings about general public policy but have not engaged for purposes of influencing passage/defeat/modification of specific legislation.

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.)

I have none. Should a potential conflict arise, I would consult with the SSA's designated agency ethics official and resolve the conflict in accordance with the applicable executive orders, regulations, and statutes. During my previous term as a trustee, it was my practice to run new employment opportunities past the ethics office as they arose, and I did not experience any problems with this practice.

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.

Not applicable at this time. Should a potential conflict arise, I would consult with the SSA's designated agency ethics official and resolve the conflict in accordance with the applicable executive orders, regulations, and statutes.

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.

No.

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

I was a plaintiff in a small claims court action. When I first moved to the area in 1989, I and my then-spouse paid what we believed to be a refundable security deposit on a rental apartment. We had decided to rent another place but our deposit was not returned, and we went to small claims court to retrieve it. Our claim was denied. I believe the issue was resolved in 1990.

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 beyond my statement of qualifications, dedication, and experience with respect to the Trustees' process, as described above.

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.

QUESTIONS SUBMITTED FOR THE RECORD TO HON. CHARLES P. BLAHOUS III

QUESTIONS SUBMITTED BY HON. ORRIN G. HATCH

Question. It is the chairman's view that if a public trustee, based on his or her knowledge of Social Security and Medicare, becomes aware of *possible* policy decisions that would significantly weaken the finances of either program, he or she bears a responsibility to *make this information available*. Do you agree with this?

Answer. Assuming the possible policy decision is already the subject of public discussion, I agree. In the event that it involves pre-decisional consideration within congressional offices or the administration that the trustees are not at liberty to disclose, I believe the trustees should make such information available once a decision is finalized and publicized, and its financial impact can be estimated.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever expressed concern to you as to the credibility of the contents of the trustees' report?

Answer. No.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever expressed the view that the trustees' report development was conducted in any inappropriate way?

Answer. Not to me or to my knowledge.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever expressed concerns about the propriety of your past writing or continued writing about public policy issues during your term?

Answer. Not to me or to my knowledge.

Question. Have you ever, while serving as a trustee, represented to the public that your own personal policy views are also those of the other trustees?

Answer. No.

Question. Have there ever, over the 5 years of your service as a public trustee, been any parts of the trustees' reports that do not reflect the consensus findings of all six trustees, including not only the two public trustees but also the secretaries of Treasury, HHS, and Labor, as well as the Social Security Commissioner?

Answer. No.

Question. Have you ever, while serving as a trustee, sought to modify the contents of the trustees' report without the agreement of the other trustees?

Answer. No.

Question. Are any individual trustees able to modify the content of the trustees' reports without the review and approval of all of the other trustees?

Answer. Not to my knowledge.

Question. Is there any part of the trustees' reports that is not reviewed and approved by all six of the trustees and/or staff working on behalf of the trustees?

Answer. No.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever contacted you to express concerns about the quality, accuracy, tone, or truthfulness of your own individual writing on issues surrounding Social Security or Medicare?

Answer. No.

Question. Have you used your position as a trustee to promote policies that would weaken the finances of Social Security or Medicare?

Answer. No.

Question. The Social Security Act specifies, with respect to public trustees, that both may not be from the same political party. From what I have seen, in past trustee reports during your term of service, there were not any dissenting or minority statements on the report from you or your counterpart public trustee. From your perspectives, has there been a tradition of working by consensus in the process of producing trustee reports and, if so, do you believe that the tradition has been upheld during your term of service?

Answer. Yes and yes.

QUESTIONS SUBMITTED BY HON. RON WYDEN

Question. My understanding is your terms as public trustees ended on July 22, 2015 and you have not been involved in the discussions or production of the 2016 trustees reports, is that correct?

Answer. Yes, that is correct.

Question. Assuming that the answer to the above question is "yes," I assume that if either of you were to be confirmed by the full Senate before the 2016 trustees reports are released to the public, that you will not sign those reports or participate in the press conference discussing the 2016 reports, is that correct?

Answer. I have the same assumption that we will not participate in the issuance of the 2016 reports. Full participation and meaningful input by the public trustees would require a substantial delay in the reports' release date. Assuming there is not a desire on the part of the administration and Congress to delay the release to permit such participation, we would not be in a position to co-author the 2016 reports.

QUESTIONS SUBMITTED BY HON. JOHN THUNE

Question. Each year the Board of Trustees produces reports on the financial status of Social Security and Medicare. We know the public reads about the parts of the reports—things like the year in which the trust funds will be depleted—that make the headlines. What other data points in your analysis do you believe to be the most important for the Congress and the public to be aware of that fully demonstrate the financial status of both Medicare and Social Security?

Answer. The annual report summary highlights several data points the trustees have together decided are the most salient for demonstrating the financial status of Social Security and Medicare. The summary begins with the most recent data on operations for the separate Social Security and Medicare trust funds followed by a series of five charts with surrounding text, each of the charts depicting an especially important aspect of program financing.

Because the financing methods for Social Security and Medicare are different from one another, the analytical information that is most telling for the two pro-

grams also differs. For Social Security as a whole, Figure II.D.2 from the Social Security trustees' report is a fairly widely cited graph. It shows annual income, costs and expenditures expressed as a percentage of the program's tax base, as well as the timing and magnitude of projected shortfalls in the program's hypothetical combined trust funds. While this summation is useful for envisioning the overall finances of Social Security, it should be remembered that the program contains two trust funds, each of which must separately maintain a positive balance to permit the full payment of benefits. The 2015 report therefore also included Figure II.D.3, breaking out projections specifically for the weaker DI trust fund. If a similar figure for DI is included in the 2016 report, it would likely need to have been updated for recent legislation to shore up the finances of the DI trust fund.

Summarizing the Medicare financing outlook is more complex because the two Medicare trust funds (HI and SMI) are financed in such different ways. Whereas Medicare HI is financed in a manner somewhat analogous to Social Security, and is the focus of annually-updated projections of trust fund adequacy, Medicare's SMI fund is designed by statute to always maintain a positive balance. As a result, financing strains within SMI are manifested not in projections of trust fund depletion but in rising pressure on the Federal budget. Chart C from the trustees' report summary shows how these financial pressures evolve with Medicare program cost increases, in addition to showing the projected Medicare HI financing shortfall.

Another important way to understand program finances is in terms of the adjustments to cost growth and/or additional revenues required to stabilize them. As other language and data in the report summary, the public trustee message, and the main report explain, these required adjustments become larger if postponed to occur later. Because these particular details are also responsive to the following question, they will be provided there.

Question. In your view, is it true, as many have stated, that the longer we wait, the harder it will be to address the long-term sustainability of both Social Security and Medicare? Can you discuss the data in your latest reports to Congress that underscores this premise?

Answer. Yes. The trustees' report summary states this explicitly: "Social Security's and Medicare's projected long-range costs are not sustainable with currently scheduled financing and will require legislative action to avoid disruptive consequences for beneficiaries and taxpayers. The sooner that lawmakers take action, the wider will be the range of solutions to consider and the more time that will be available to phase in changes, giving the public adequate time to prepare."

The main Social Security trustee report contains additional language illustrating the costs of delay with respect to Social Security specifically: "For the combined OASI and DI Trust Funds to remain fully solvent throughout the 75-year projection period: (1) revenues would have to increase by an amount equivalent to an immediate and permanent payroll tax rate increase of 2.62 percentage points (from its current level of 12.40 percent to 15.02 percent, a relative increase of 21.1 percent); (2) scheduled benefits would have to be reduced by an amount equivalent to an immediate and permanent reduction of 16.4 percent applied to all current and future beneficiaries, or 19.6 percent if the reductions were applied only to those who become initially eligible for benefits in 2015 or later; or (3) some combination of these approaches would have to be adopted. If substantial actions are deferred for several years, the changes necessary to maintain Social Security solvency would be concentrated on fewer years and fewer generations. Much larger changes would be necessary if action is deferred until the theoretical combined trust fund reserves become depleted in 2034. In order to maintain solvency throughout the 75-year projection period and finance scheduled benefits fully in every year starting in 2034, it would be necessary to increase revenues by an amount equivalent to a payroll tax rate increase of about 3.7 percentage points (yielding a total payroll tax rate of about 16.1 percent) at the point of trust fund reserve depletion, with the total rate reaching about 17.4 percent in 2089. Alternatively, solvency could be maintained if benefits were reduced to the level that would be payable with scheduled tax rates and earnings subject to tax in each year beginning in 2034. At the point of theoretical combined trust fund reserve depletion in 2034, this would be equivalent to a reduction in all scheduled benefits of 21 percent, with reductions reaching 27 percent in 2089. Of course, there is a continuum of policies combining tax increases with benefit reductions that would maintain solvency at the point of trust fund depletion. Some strategies for achieving solvency would not be feasible if delayed until trust fund reserve depletion in 2034. For example, even a temporary 100-percent benefit reduction for those newly eligible for benefits in 2034 would not by itself

make it possible to pay all benefits scheduled for payment in that year to those already receiving benefits and to those eligible to receive benefits who have delayed the start of their benefit payments.”

Again, with respect to Medicare, the situation is more complex because most program financing pressures are manifested not in trust fund financing shortfalls but in rising pressure on the larger Federal budget. Finding optimal solutions to these challenges extends beyond the scope of the trustees’ reports and requires value judgments as to how to balance Medicare’s financing needs against other critical national priorities. Nevertheless, the most recent all-trustees’ message states that “Medicare still faces a substantial financial shortfall that will need to be addressed with further legislation. Such legislation should be enacted sooner rather than later to minimize the impact on beneficiaries, providers, and taxpayers.”

QUESTIONS SUBMITTED BY HON. MARIA CANTWELL

CHAINED CPI

Question. I have consistently opposed replacing the current cost-of-living adjustment method, known as the Consumer Price Index for Urban Wage and Clerical Workers (or CPI-W), with the Chained Consumer Price Index (known as Chained-CPI). This change would cut benefits for future beneficiaries by an average of 2 percent over the course of their retirement, according to a 2013 report by the Center on Budget and Policy Priorities. Moreover, for a beneficiary receiving Social Security over the course of 30 years the Chained CPI could cut benefits even more—up to almost 9 percent, according to the Center for Economic and Policy Research.

The problem is that the Chained CPI assumes that beneficiaries can simply choose cheaper alternatives when prices rise. However, it fails to acknowledge that many lower-income Social Security beneficiaries don’t have the financial ability to switch from more expensive purchases because most of their income is dedicated to paying for necessities such as a medication, housing, a health checkup, or a trip to the grocery store for basic nutrition.

Do you believe that Social Security beneficiaries tend to have less ability to react to price-sensitivity than the general population, due to their inelastic demand for services like health care and transportation?

Answer. This sounds plausible but is not an issue the trustees would have reason to explore in our work, which involves financial projections for current schedules rather than examining possible rationales underlying potential alternatives. Nor is it an issue I have explored in my other research.

Question. Do you believe that there are differences in the types of products and services needed by Social Security beneficiaries compared to the general population?

Answer. Again this sounds plausible but is not an issue the trustees would have reason to explore in our work, which involves financial projections for current schedules rather than examining possible rationales underlying potential alternatives. Nor is it an issue I have explored in my other research.

Question. Do you believe the Chained CPI reflects the realities of inflation for many Social Security beneficiaries?

Answer. Because buying patterns differ between individuals, it is virtually certain that many individuals will experience inflation differently than can be captured in any single number that quantifies price inflation as a national average.

Question. What is your position on replacing the CPI-W with the Chained CPI?

Answer. The trustees take no position on such issues and focus our reports on projections for current benefit and revenue schedules. Nor would any personal views that I have on this question enter into my work as a trustee. Assuming I am being asked for my personal view, my recommendation would be that lawmakers employ the most accurate available measure of national average price inflation. While the distributional implications of any package of reforms are important and should be well understood by lawmakers, benefits cannot be precisely targeted through the selection of the price inflation measure used for COLA indexing. Accordingly, it would be recommended that distributional goals including the protection of the most vulnerable beneficiaries be achieved through benefit formula adjustments in the context of a financially balanced system, rather than by the choice of a general inflation measure. Again, this view would not bear upon our work as trustees.

CONSUMER PRICE INDEX FOR THE ELDERLY (CPI-E)

Question. Do you believe that the Consumer Price Index for Elderly Consumers (CPI-E) would more accurately reflect the costs that Social Security beneficiaries face?

What is your position on replacing the CPI-W with the CPI-E?

Answer. The trustees take no position on such issues and focus our reports on projections for current benefit and revenue schedules. Nor would any personal views that I have on this question enter into my work as a trustee. Assuming I am being asked for my personal view, I would advise caution in departing from the historical practice of basing annual adjustments on estimates of national average price inflation, with the goal of employing the most accurate available measure. As BLS notes, “the CPI-E population and those receiving Social Security benefits are not identical” because “many Social Security beneficiaries . . . are younger than 62 and receive benefits because they are surviving spouses or minor children of covered workers or because of disability.” While on the one hand an experimental inflation index designed for the elderly would not be suitable for these other groups, providing different COLAs for different beneficiary groups could risk creating both real and perceived inequities. Again, this issue does not bear upon our work as trustees.

PRIVATIZATION OF SOCIAL SECURITY

Question. What is your position on the privatization of Social Security?

Answer. The trustees take no position on such issues and focus our reports on projections for current benefit and revenue schedules. Nor would any personal views that I have on this question enter into my work as a trustee. The term “privatization” has been applied to a wide range of proposals over several years to alter how Social Security contributions are invested, many of which would not involve private sector administration. The relevance of such proposals to the current policy environment has been largely mooted by the fact that Social Security is currently experiencing annual deficits of tax income relative to expenditures and thus there are no longer surplus contributions being made that could be saved by or on behalf of current workers, whether through investment of a portion of the trust fund in the stock market as President Clinton proposed, or through publicly-administered retirement accounts as President George W. Bush proposed. Since the emergence of these deficits and since becoming a trustee, I have not developed or advocated for such proposals. Again, this issue does not bear upon our work as trustees.

Question. I understand you have previously worked on proposals to privatize Social Security. If Social Security had been privatized prior to the 2008 stock market collapse and economic recession, what would the effect have been on beneficiaries?

Answer. Per the previous answer, the Bush proposals on which I served as staff support involved publicly administered retirement accounts rather than privatized ones, and would have been similar to those available to Federal employees through the Thrift Savings Plan. Specific effects for any particular plan would have depended upon its design, schedule and implementation, such that few general conclusions can be reached about the many proposals offered by various authors prior to 2008. As it happens, the particular proposals of President Bush would have been fortuitously timed. The proposed accounts were scheduled to begin taking contributions in 2009, an exceptional low point in the financial markets. Those already receiving benefits would not have been affected by the accounts; those who chose not to participate would also not have been affected by them. Those who chose to participate in the accounts would have seen their total benefits change by only slight amounts to date, due to the small number of years they would have contributed. Of these, those who had chosen to invest in a stock index fund would generally have seen increases in their total benefits, due to the fortuitous timing with which the proposal would have been implemented. Again, these would have been fortuitous short-term results, and should not be interpreted as determining the desirability of the policy as a whole. This issue does not bear upon our work as trustees.

DEFICIT REDUCTION AND SOCIAL SECURITY

Question. Do you believe cuts to Social Security should be included in deficit reduction discussions?

Answer. The trustees take no position on such issues and focus our reports on projections for current benefit and revenue schedules. Nor would any personal views that I have on this question enter into my work as a trustee. Assuming I am being

asked for my personal view, that view would be influenced by my knowledge gained as a trustee. The trustees have consistently, since long before my own term of service, urged that lawmakers move expeditiously to shore up Social Security program finances. My view on whether Social Security changes (of any kind) should be included in larger deficit reduction discussions would thus largely be a function of whether inclusion or exclusion would be more likely to lead to the expeditious enactment of the program financing corrections for which the trustees have consistently called. Again, this view would not bear upon our work as trustees.

Question. Do you believe that Social Security spending is a driver of annual deficits and the national debt?

Answer. As stated on page 211 of the 2015 Medicare Trustees' report, "For OASDI (Social Security), the difference between revenues from the public (\$777.0 billion) and total expenditures (\$850.3 billion) was \$73.3 billion, indicating that OASDI also had a negative effect on the overall budget last year." Social Security has contributed to annual unified Federal budget deficits since 2010 when its outlays began to exceed the annual income it generated from revenues from the public. To date the sum total of Social Security tax collections has exceeded its expenditures, so Social Security has not yet added to total national debt held by the public. This positive net fiscal effect is projected to turn negative in the years ahead, when Social Security is projected to add to total indebtedness to the public as its annual expenditures persistently exceed the revenue it receives from the public, as further explained in Appendix F to the Medicare trustees' report, "Medicare and Social Security Trust Funds and the Federal Budget."

Question. Do you believe that the Social Security Trust Funds should be treated separately from general Federal revenue?

Answer. The trustees take no position on such issues and focus our reports on projections for current benefit and revenue schedules. Nor would any personal views that I have on this question enter into my work as a trustee. My personal answer to this question would depend on what is meant. If the question refers to Social Security's optimal budget treatment, I have no firm opinion. The question of whether Social Security is on-budget or off-budget, as well as whether it is financed through a separate trust fund or funds, is unrelated to the reality of whether it receives general revenues. As an example, consider that Medicare SMI is financed through a separate trust fund, but it receives roughly three-quarters of its revenue from the Federal Government's general fund. Social Security has also received substantial infusions of revenue from the general fund, including over \$200 billion in the years 2011–12, although less generally than Medicare SMI. My own personal view is that much of Social Security's financial integrity and popular support are based on perceptions that participants have earned their benefits and that the program will be self-financing without being subsidized from the general fund. For this reason I have expressed concern about past legislation to transfer general revenues to Social Security, as well as about the potential ramifications of delaying financing corrections to the point where Social Security's continued solvency could require substantial ongoing subsidy support from the general fund. Again, this view would not bear upon our projections as trustees.

DELIVERY SYSTEM REFORM IN MEDICARE

Question. As you know, the positions for which you have been re-nominated oversee the Medicare Part A and Part B Trust Funds in addition to the Social Security Trust Funds.

What role does reforming the Medicare delivery system play in improving the fiscal sustainability of the Medicare program in the coming years?

Answer. The 2015 joint message from the trustees states: "For a number of years the methodology the Trustees have employed for projecting Medicare finances over the long term has assumed a substantial reduction in per capita health expenditure growth rates relative to historical experience. In addition, the Trustees have been revising down their projections for near-term Medicare expenditure growth in light of the recent favorable experience, in part due to effects of payment changes and delivery system reform that are changing how health care is practiced. However, the Trustees have not assumed additional, specific cost saving arising from structural changes in the delivery system that may result from MACRA's new payment mechanisms and the cost-reduction incentives in the Affordable Care Act, as well as from payment reforms initiated by the private sector. Notwithstanding the assumption of a substantial slowdown of per capita health expenditure growth, the projections in-

dicating that Medicare still faces a substantial financial shortfall that will need to be addressed with further legislation. Such legislation should be enacted sooner rather than later to minimize the impact on beneficiaries, providers, and taxpayers.”

I believe this statement captures the joint view of the trustees. We are hopeful that delivery system reforms might contribute to a beneficial reduction in the rate of health care cost growth. At the same time we caution that our projections already assume a certain amount of cost growth deceleration irrespective of the cause. Even assuming that delivery system reforms contribute to this projected cost slowdown, there will still be a substantial Medicare financing shortfall that must be addressed.

Question. As you know, last year’s Bipartisan Budget Act reallocated funds from the Old-Age and Survivors Insurance Trust Fund (OASI) to the Disability Insurance Trust Fund (DI) in order to extend the life of the DI Trust Fund and avoid a devastating across-the-board cut in benefits. I understand you raised concerns about reallocation in a January 15, 2015 article.

If Congress had not reallocated funding, what policy alternatives should it have pursued to avoid across-the-board cuts to beneficiaries?

Answer. I joined the other trustees in calling for legislation to extend the life of the DI trust fund, specifically including the provision of additional resources to DI. From our 2015 report summary: “The Trustees strongly urge lawmakers to enact legislation promptly to achieve sustainable financial balance which, in view of current financing needs, would almost certainly need to include at least a temporary increase in resources for the DI Trust Fund.”

This point was also echoed in the 2015 joint message of the public trustees, which I co-authored: “At this late date, it is impracticable to reduce DI costs sufficiently to prevent imminent Trust Fund depletion (and thus, sudden benefit reductions for highly vulnerable individuals) without at least a temporary increase in DI Trust Fund resources, irrespective of its source or combination with other measures.”

I supported these recommendations because I did not believe there were viable alternatives that would by themselves have spared disability recipients from impending sudden and devastating benefit cuts. After lawmakers took action, I wrote an explanatory piece about the measure in which I described it supportively as “a slight improvement to disability program operations” and “a substantial improvement over the likely result if legislative action had been further postponed.”

The January 15th article referred to was an analytical and historical piece explaining the factors affecting DI finances, the historical record with respect to past tax reallocations, and statements of previous and current trustees with respect to the need for comprehensive financing reforms. It did not endorse a specific allocation of taxes between OASI and DI, but rather presented historical and recent statements from program trustees to the effect that reallocations, if and when they occur, should not be used as a means of delaying long-term financing corrections for DI specifically or for OASDI as a whole.

PUBLIC CONFIDENCE

Question. As you know, the public trustee positions were created to “increase public confidence in the integrity of the trust funds.” How do you believe you have increased public confidence in the Social Security Trust Funds during your previous appointment?

Answer. There were several respects in which the Greenspan Commission hoped that public trustees would increase public confidence. One was to help “assure that the demographic and economic assumptions for the cost estimates of the future operations of the program would continue to be developed in an objective manner.” I believe we have achieved this in several ways. One is through careful oversight of the trustees’ projection process and substantiation that public confidence is warranted. We have vouched for the integrity of the process in our written and oral statements as trustees, and have extended this ethic to the remainder of our professional activities.

To take but one of several examples, the 2015 public trustee statement asserts: “Not only do the Social Security and Medicare programs remain exceptional public policy achievements, but also we have found that the Trustees’ process itself accords with the highest standards of public service. The ex officio Trustees and their capable staffs with whom we have worked have invariably approached their responsibilities with an attitude of respect for a process that well serves lawmakers and the public. The same can be said of the independent and tirelessly working Chief Actu-

aries at the Social Security Administration and Centers for Medicare and Medicaid Services and their skilled staffs. We have also benefited tremendously from the insights of the Social Security and Medicare technical panels that have reviewed the assumptions and methodologies underlying the annual reports. Although only time will allow us to judge the accuracy of the Trustees' long-term projections, it is not too soon for us to vouch for the methodological rigor, objectivity, and integrity with which the work has been conducted."

Of course, it is not enough to simply assert that the trust funds' finances are being monitored to the highest standards of integrity and professionalism; trustees must ensure that it is so. We have substantiated these endorsements through the careful oversight conducted in our trustee work year-round.

It is inevitable that the trustees' methods and projections will be subject to outside criticism. This is generally fruitful and can help to improve the quality of the work. At the same time, the trustees have an important role to play in explaining the work being performed to improve the transparency of the projection process, which is also central to maintaining public confidence. As but one example, in 2015 I wrote that "transparency is a longstanding concern of the trustees, and we expend significant time and effort to increase it. The SSA actuary's office now posts a wealth of methodological specifications online going a great deal of the way toward enabling others to replicate their projection methods. The trustees' report itself contains ample sections detailing how projections have been revised over the last year in light of updated information. It also contains a long-running table showing the history of prior actuarial balance estimates. Another table compares actual prior-year operations (both income and expenditures) within each separate trust fund, to projections in the five previous trustees' reports. And there's much more. . . . Considerable discussion occurs each year between the trustees' offices about how to best explain deviations from prior projections (still more time is likely spent on this for the Medicare report, where the methodological issues are more complex). As one example of a trustee initiative to expand such information, a footnote was recently added to the projection history table, directing readers to an online actuarial note breaking down the changes by source."

The public trustees have also worked with the other trustees to improve public confidence by making the reports more transparent, consistent, precise, logically organized, and understandable. As one example, we worked to reorder the report summary so that it flowed more chronologically and more logically. We have also worked to establish greater consistency between the trustees' measure of "close actuarial balance" and the other metrics employed in the reports. We have worked to inject greater precision into the report language, including the usage of terms ranging from "taxable payroll" to "current law." And, although long-term health care cost projections remain subject to enormous uncertainty, we have overseen what I believe are improvements in the methodological grounding of the projections. This is but a shortened list; there are countless other examples.

The Greenspan commission also hoped that public trustees would establish more confidence in the "investment procedure" for the trust funds. As noted in the 2015 public trustee statement, "This recommendation followed the Commission's finding that the trust fund investment procedures were 'equitable to both the trust funds and the General Fund of the Treasury.' It preceded the Commission recommendation on budget procedures to 'make clear the effect and presence of any payments from the General Fund of the Treasury to the Social Security program.'" As trustees we have worked to make the data in the report as explicit as possible with respect to such flows of funds.

Ultimately, of course, public confidence in the trust funds depends less on how the trustees comment on the financial projections than on their content. Accordingly, public confidence can only be highest when the Social Security and Medicare trust funds are on sustainable financial footing and there is no near-term threat of benefit interruptions as there was in 1981–1983 and more recently in the DI trust fund. Though financial integrity requires legislation that the trustees do not have the power to enact, the trustees can and should provide the information to enable lawmakers to make the necessary financing corrections before such confidence-threatening episodes occur. I believe that in concert with the other trustees we have consistently provided lawmakers with the information required to legislate to sustain public confidence in Social Security and Medicare.

QUESTIONS SUBMITTED BY HON. SHERROD BROWN

Question. The Greenspan Commission, which first proposed creating these positions, said the role of a public trustee was to “create confidence in the integrity of the trust funds.” Do you both feel that you increased public confidence in these trust funds during your previous tenure? If so, how?

Answer. I believe that my answer to the previous question also applies to this one, so I am copying it here.

There were several respects in which the Greenspan Commission hoped that public trustees would increase public confidence. One was to help “assure that the demographic and economic assumptions for the cost estimates of the future operations of the program would continue to be developed in an objective manner.” I believe we have achieved this in several ways. One is through careful oversight of the trustees’ projection process and substantiation that public confidence is warranted. We have vouched for the integrity of the process in our written and oral statements as trustees, and have extended this ethic to the remainder of our professional activities.

To take but one of several examples, the 2015 public trustee statement asserts: “Not only do the Social Security and Medicare programs remain exceptional public policy achievements, but also we have found that the Trustees’ process itself accords with the highest standards of public service. The ex officio Trustees and their capable staffs with whom we have worked have invariably approached their responsibilities with an attitude of respect for a process that well serves lawmakers and the public. The same can be said of the independent and tirelessly working Chief Actuaries at the Social Security Administration and Centers for Medicare and Medicaid Services and their skilled staffs. We have also benefited tremendously from the insights of the Social Security and Medicare technical panels that have reviewed the assumptions and methodologies underlying the annual reports. Although only time will allow us to judge the accuracy of the Trustees’ long-term projections, it is not too soon for us to vouch for the methodological rigor, objectivity, and integrity with which the work has been conducted.”

Of course, it is not enough to simply assert that the trust funds’ finances are being monitored to the highest standards of integrity and professionalism; trustees must ensure that it is so. We have substantiated these endorsements through the careful oversight conducted in our trustee work year-round.

It is inevitable that the trustees’ methods and projections will be subject to outside criticism. This is generally fruitful and can help to improve the quality of the work. At the same time, the trustees have an important role to play in explaining the work being performed to improve the transparency of the projection process, which is also central to maintaining public confidence. As but one example, in 2015 I wrote that “transparency is a longstanding concern of the trustees, and we expend significant time and effort to increase it. The SSA actuary’s office now posts a wealth of methodological specifications online going a great deal of the way toward enabling others to replicate their projection methods. The trustees’ report itself contains ample sections detailing how projections have been revised over the last year in light of updated information. It also contains a long-running table showing the history of prior actuarial balance estimates. Another table compares actual prior-year operations (both income and expenditures) within each separate trust fund, to projections in the five previous trustees’ reports. And there’s much more. . . . Considerable discussion occurs each year between the trustees’ offices about how to best explain deviations from prior projections (still more time is likely spent on this for the Medicare report, where the methodological issues are more complex). As one example of a trustee initiative to expand such information, a footnote was recently added to the projection history table, directing readers to an online actuarial note breaking down the changes by source.”

The public trustees have also worked with the other trustees to improve public confidence by making the reports more transparent, consistent, precise, logically organized, and understandable. As one example, we worked to reorder the report summary so that it flowed more chronologically and more logically. We have also worked to establish greater consistency between the trustees’ measure of “close actuarial balance” and the other metrics employed in the reports. We have worked to inject greater precision into the report language, including the usage of terms ranging from “taxable payroll” to “current law.” And, although long-term health care cost projections remain subject to enormous uncertainty, we have overseen what I be-

lieve are improvements in the methodological grounding of the projections. This is but a shortened list; there are countless other examples.

The Greenspan commission also hoped that public trustees would establish more confidence in the “investment procedure” for the trust funds. As noted in the 2015 public trustee statement, “This recommendation followed the Commission’s finding that the trust fund investment procedures were ‘equitable to both the trust funds and the General Fund of the Treasury.’ It preceded the Commission recommendation on budget procedures to ‘make clear the effect and presence of any payments from the General Fund of the Treasury to the Social Security program.’” As trustees we have worked to make the data in the report as explicit as possible with respect to such flows of funds.

Ultimately, of course, public confidence in the trust funds depends less on how the trustees comment on the financial projections than on their content. Accordingly, public confidence can only be highest when the Social Security and Medicare trust funds are on sustainable financial footing and there is no near-term threat of benefit interruptions as there was in 1981–1983 and more recently in the DI trust fund. Though financial integrity requires legislation that the trustees do not have the power to enact, the trustees can and should provide the information to enable lawmakers to make the necessary financing corrections before such confidence-threatening episodes occur. I believe that in concert with the other trustees we have consistently provided lawmakers with the information required to legislate to sustain public confidence in Social Security and Medicare.

Question. Do you believe the trust fund of Social Security contributes to the Federal deficit? If yes, why do you feel it should not be accounted for separately and apart from the general operating fund of the government?

Answer. With respect to the first question, as stated on page 211 of the 2015 Medicare trustees’ report, “For OASDI (Social Security), the difference between revenues from the public (\$777.0 billion) and total expenditures (\$850.3 billion) was \$73.3 billion, indicating that OASDI also had a negative effect on the overall budget last year.” Social Security has contributed to annual unified Federal budget deficits since 2010 when its outlays began to exceed the annual income it generated from revenues from the public. This is further explained in Appendix F to the Medicare trustees’ report, “Medicare and Social Security Trust Funds and the Federal Budget.”

On the second question, the trustees take no position on such issues and focus our reports on projections for current benefit and revenue schedules. Nor would any personal views that I have on this question enter into my work as a trustee. Assuming I am being asked for my personal view, it is that much of Social Security’s financial integrity and popular support are based on perceptions that participants have earned their benefits and that the program will be self-financing without being subsidized from the general fund. For this reason I have expressed concern about past legislation to transfer general revenues to Social Security, as well as about the potential ramifications of delaying financing corrections to the point where Social Security’s continued solvency could require substantial ongoing subsidy support from the general fund. Again, this view would not bear upon our projections as trustees.

Question. Can you outline what experience you have in actuarial science that predates your work as a public trustee?

Answer. Prior to serving as a trustee I researched and wrote extensively on Social Security actuarial projections, including a 2007 presentation to the American Enterprise Institute on the trustees’ actuarial projection track record, two books on Social Security finances, and assorted other articles. I also served as staff researching the actuarial projections for various commissions during my periods of service in the Senate and at the White House. Like other trustees, I am not an actuary by training; the actuarial work for the trustees’ reports is performed by the Social Security Administration Office of the Chief Actuary and the CMS Office of the Actuary.

Question. Can you walk me through the first couple years of being a public trustee? What issues did you have the most trouble getting up to speed on? What have you learned since that, if you did it over again, you would do differently?

Answer. Substantively the most difficult issues pertained to the methods for projecting health care cost growth, and the complexity of translating these projections into expenditure growth estimates in various categories of Medicare payments. As I was already up to speed on many facets of the economic and demographic assumptions used for both reports, my learning curve over the first couple of years probably

had at least as much to do with process as with substance. If I had it do to over again I would probably be more conscious of not allowing unresolved issues to drift late into the report production season. Because of the sheer volume of material and the intensity of the report production process, it is difficult to make significant improvements to the reports during the last couple of months before release. Significant changes to prior years' methodology, language or presentation must often be worked out early in the process or not at all. Both time constraints and the sheer number of individuals involved are barriers to consensus on improvements. A trustee must often be extremely diligent about seeing issues through to conclusion, even when there are seemingly several months left in which to work.

Question. What advice would you give a new public trustee to help them better understand the process?

Answer. I hope it will be acceptable that I combine my answer to this question with the following one.

Question. Is there any institutional knowledge you gained in your tenure as a public trustee that you believe is essential to fulfilling the job's obligations? What institutional knowledge does a public trustee develop that a new trustee with a fresh perspective couldn't pick up on immediately?

Answer. The first piece of advice and institutional knowledge I would pass on would be the one with which I closed my answer to question 4. A trustee must be extremely diligent about driving issues to a conclusion surprisingly early in the annual process; otherwise there is a tendency for the clock to run out on changes that ought to be made. This may be easy to understand conceptually but only actually going through the process affords one with the experience required to apply this principle effectively. The experience of being able to work effectively within this process is just as important to a trustee as is knowledge of the substance. Beyond this it is very important to establish a constructive working relationship between the public trustees and the ex officio trustees. The ex officio trustees are cabinet officials with other enormously important public duties in addition to their trustee work. This and the multitude of highly technical issues involved require a great deal of the detail work to be performed by staff of the executive branch departments. The public trustees must work closely with executive branch staff to resolve as many of the most in-the-weeds issues as they can. At the same time, the public trustees must develop a sense of when disagreements at the staff level must be kicked up to the trustees for resolution. (When I say this, I do not necessarily mean kicked up to the trustees for a vote; in my experience the trustees have operated by consensus even when discussing issues trustee to trustee.) Some issues might be profitably elevated in this way but many others are best resolved working with the staff, and it takes some seasoning to learn the difference. Additional institutional knowledge of importance consists of knowing which substantive and presentational angles have already been considered at length by the trustees' working group. A great amount of time can be saved when the trustees do not need to repeat previous processes of ironing out technical disagreements; this frees the trustees' working group to make progress in other areas where it is more possible. Finally, if possible, be paired with an exceptional fellow public trustee, as I was. This will be the single greatest determinant of the quality of a public trustee's experience.

Question. Are there any biases or assumptions a person could have that you feel would disqualify them from being a public trustee?

Answer. A key to being an effective trustee—whether public or ex officio—is a commitment to following the data where it leads, irrespective of one's policy views. A bias that prevents one from accepting either unfavorable or favorable information affecting financial projections would preclude one from performing the trustees' essential functions. I have not witnessed this flaw in any of the trustees with which I have worked, nor in the work output from their various offices.

PREPARED STATEMENT OF HON. ORRIN G. HATCH,
A U.S. SENATOR FROM UTAH

WASHINGTON—Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing to consider two Social Security and Medicare trustees' nominations:

I'd like to welcome everyone to today's hearing to consider pending nominations. Before us today are Dr. Charles Blahous and Dr. Robert Reischauer, who have both

been nominated to be members of the Boards of Trustees of the trust funds of the Federal Old-Age and Survivors Insurance, the Federal Disability Insurance, and the Federal Supplemental Medical Insurance programs.

By statute, these various boards consist of the Secretaries of Treasury, Labor, HHS, and the Commissioner of Social Security, along with two public trustees. Drs. Blahous and Reischauer have been nominated by the President to serve once again as public trustees.

The public trustee positions were created in the 1983 Social Security Amendments, based on a recommendation of the so-called Greenspan Commission with a requirement that one be from each political party. Since that time, there have been five sets of confirmed public trustees, with Drs. Blahous and Reischauer having been the last set to have served.

The trustees have various duties, including a responsibility to review general policies relating to the management of the trust funds and to report to Congress each year on the operation of the trust funds and their current and projected status.

As the trustees go through the process of developing and releasing a report each year, there are many inputs and many participants. For example, the Social Security Administration, and its Office of the Chief Actuary in particular, plays a key role in developing assumptions, analytics, and analyses that often end up shaping the information that is provided in the reports.

In addition, we have had numerous technical panels, composed of actuaries, economists, demographers and others, who review the assumptions and methods used in the trustees' reports. This is something that often goes overlooked.

Since 1999, 50 people have served on these technical panels, weighing in on the Social Security trustee reports and providing both fresh objective eyes on the development of the trustees' reports as well as a much-needed check on what could otherwise be an outsized role of the Social Security Administration in guiding the contents of the reports.

President Obama appears to have confidence that the two nominees before us today have fulfilled their duties as public trustees in their previous tenure, and to date, I have no reason to disagree.

In general, I believe that the trustee reports to Congress and the American people have been put forward in a nonpartisan fashion, and those who have worked on formulating the reports, including representatives of the administration and our two nominees today, have worked professionally and cooperatively.

In recent months, some have questioned whether having public trustees serve more than one term is beneficial. Others have noted the benefits of having continuity in these positions given the many intricacies relating to the various Social Security programs and the management of the trust funds, not to mention the process through which the trustees' reports are compiled and issued.

Of course, members of the committee, are, as always, free to reach their own decisions on this matter.

Furthermore, I know that we have an election coming in November. And, in even-numbered years, some people tend to go to polar extremes whenever anyone anywhere mentions Social Security and/or Medicare in a sentence.

There are some who, in any context, but particularly during election years, are so unwilling to have a reasonable discussion about these programs that they will go out of their way to silence any alternative viewpoints and stigmatize anyone who has ever expressed a contrary opinion.

That may make for good politics, but here on the Finance Committee, we've always tried to do things a little differently.

Today, we have before us two highly qualified nominees who were confirmed to these very same positions by the full, Democrat-controlled Senate in 2010 without any opposition. They have now been resubmitted by a Democratic President to a Republican-controlled Senate that, so far, appears ready and willing to confirm them once again. I think it would be unfortunate if we now decided to drag either one of them into the silliness of the political campaign season.

As I indicated earlier, the President has faith in the two nominees before us today, and, at this point, I see no compelling reason to disagree.

With that, I want to once again welcome the nominees to the committee today and thank them for their willingness to continue serving in this important capacity.

PREPARED STATEMENT OF HON. ROBERT D. REISCHAUER, PH.D., NOMINATED TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST FUND, A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND, AND A MEMBER OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE TRUST FUND

Chairman Hatch, Senator Wyden, and members of the committee, I am honored to have been re-nominated by President Obama to be one of the two public trustees of the Social Security and Medicare trust funds, and I thank you for your willingness to evaluate my qualifications for these positions.

Social Security and Medicare are vital elements of the Nation's social and economic fabric, providing essential financial support and access to medical care for millions of people with disabilities, the elderly, and families of deceased workers. Not surprisingly, these programs are very popular, representing, as they do, part of an intergenerational social compact that binds together those of different ages, economic circumstances, and social situations. Social Security and Medicare, as two of the Federal Government's largest programs, are also important to the Nation's economy and loom large in the Federal budget. Given their importance in all these ways, it is critical that the financial and operational integrity of Social Security and Medicare be unimpeachable. It is also essential that the public retains trust in the programs' continuity and has a balanced understanding of the challenges ahead.

Like many older Americans, I have a close personal as well as professional relationship with both the Social Security and Medicare programs. I receive benefits from both programs and pay payroll taxes to their several trust funds and standard and income-related premiums for my supplementary medical and prescription drug coverage. With the exception of my experience as a victim of Social Security identity fraud, I am a very satisfied participant and think my experience as a beneficiary has provided me with perspectives that are valuable for my professional relationship with the programs.

Along with Dr. Charles Blahous, I served as a public trustee from October 26, 2010 through July 22 of 2015. This was one of the most interesting and rewarding assignments I have had in my 46-year Washington career. It is also one that has given me confidence that Congress can establish and the Federal Government can operate processes that work and work well.

As you know, a primary responsibility of the Boards of Trustees of the Social Security and Medicare programs is to report to Congress each year on the past and future statuses of the several trust funds. The work involved in putting together these annual reports is carried out largely by the Working Group, which consists of the two public trustees; Assistant Secretary-level representatives of the Secretaries of the Treasury, Health and Human Services, and Labor Departments; and a Deputy Commissioner-level representative of the Commissioner of Social Security. The representatives of the ex officio trustees are supported by extremely able professional staffs. In addition, the Social Security and Medicare actuaries play critically important roles, providing estimates, analyses, methodological guidance, and historical perspective during the Working Group's discussions.

The Working Group meets frequently, especially in the fall and early winter. All of the members suggest topics for the agenda. The discussion focuses on the current statuses of the trust funds, how and why they may differ from what was projected in recent reports, and what these difference might imply for future projections. The Working Group carefully examines and, if needed, revises the critical demographic, economic and programmatic assumptions and data that are required to generate projections. It also evaluates possible methodological and presentational improvements.

The process is not a closed one. On occasion, outside experts are invited to present their perspectives on issues on which the Working Group has not reached consensus. In addition, every four or so years the Social Security Advisory Board and the Department of Health and Human Services appoint technical panels of leading outside experts to review the demographic and economic assumptions and the methodologies and the presentation of the Social Security and Medicare trustees' reports. The Working Group pays serious attention to the recommendations of these panels.

Early in the year, the Offices of the Actuary generate draft reports that reflect the deliberations of the Working Group. The drafts are circulated among all of the members of the Working Group and there then ensues a comment and revision process that can only be described as exhaustive and exhausting. All comments and suggested revisions are circulated to and commented on by the entire group.

Reflecting back on the five report cycles I have participated in, I am struck by their quality. The discussion is robust and sophisticated. The input from the professional staffs of the several departments, the Social Security Administration and the Offices of the Actuaries, not to mention the Actuaries themselves, is uniformly excellent. The atmosphere is collegial, and the decisions are consensual. The deliberations are devoid of partisan or ideological bias, as all seek to produce reports that are balanced and objective. In my opinion, the Congress and the American people are well served by the existing trustee process, and should this committee and the full Senate agree, I would be honored to serve another term.

When I appeared before this committee in July of 2010, I discussed aspects of my professional experience that bore on my qualifications to carry out the responsibilities of the position of public trustee. I will not elaborate on them again but rather provide some summary facts. As an economist and policy analyst, I have focused most of my research, writing, and speaking on the Federal budget, Social Security, and Medicare. I helped Alice Rivlin set up the Congressional Budget Office in 1975 and served in several positions, including Deputy Director, there until 1981. I was CBO's Director from 1989 to 1995. I am a founding member of the National Academy of Social Insurance (NASI) which in 2012 bestowed its Robert Ball Award on me. I served for 9 years as the chair of NASI's Restructuring Medicare for the Long Term project. I am a member of the National Academy of Medicine (Institute of Medicine) and have served on five Institute committees, the most recent of which examined the geographic variation in Medicare and other health spending.

I served for 9 years on the Medicare Payment Advisory Committee, 7 as Vice Chair, and was a member of the Medicare Competitive Pricing Advisory Committee, which was chartered by Congress to explore ways competitive bidding might be used to set Medicare payments for private plans.

The various positions, commissions, and boards I have served in and on, most importantly my 5 years as a public trustee, have provided me with the technical, methodological, and programmatic expertise necessary to fulfill the duties and responsibilities of a public trustee, and, if confirmed, I will carry them out with the objectivity, seriousness, and skill they deserve.

Thank you.

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

A. BIOGRAPHICAL INFORMATION

1. Name (include any former names used): Robert D. Reischauer.
2. Position to which nominated: Member of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund; Member of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund.
3. Date of nomination: August 5, 2015.
4. Address (list current residence, office, and mailing addresses):
5. Date and place of birth: January 18, 1941, Boston, MA.
6. Marital status (include maiden name of wife or husband's name):
7. Names and ages of children:
8. Education (list secondary and higher education institutions, dates attended, degree received, and date degree granted):

Browne and Nichols School (renamed Buckingham Browne and Nichols School), 1956–1959, H.S. Diploma June 1959.

Harvard College, 1959–1963, A.B. June 1963.

Columbia University, School of International and Public Affairs, 1963–1965, Masters in International Affairs 1966 (Latin American Area Studies Certificate).

Columbia University, Department of Economics, 1965–1970, Ph.D. 1971.

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):

The Urban Institute, Distinguished Institute Fellow and President Emeritus, March 2012 to present.

The Urban Institute, President, February 2000 to February 2012.

The Brookings Institution, Senior Fellow, March 1995 through January 2000.

Congressional Budget Office, Director, March 1989 to March 1995.

The Brookings Institution, Senior Fellow, February 1986 to March 1989.

The Urban Institute, Senior Vice President, February 1981 to February 1986.

Congressional Budget Office, Deputy Director, 1979–1981; Assistant Director for Human Resources and Community Development, 1977–1979; Special Assistant to the Director, 1975–1977.

The Brookings Institution, Economic Studies Program, Research Associate, September 1970 to February 1975.

Columbia University, Department of Economics, Preceptor (College Department), 1969–1970; Teaching Assistant (Graduate Department), 1968–1969.

The RAND Corporation, New York City, RAND Institute, Consultant, 1968–1969.

Harvard University, The Center for Studies in Education and Development, Consultant on Education and Planning in Central America, 1965.

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):

Public Trustee, Social Security and Medicare Trust Funds, September 2010 to July 2015.

Member, Medicare Payment Advisory Commission, May 2000 to May 2009 (Vice Chair, May 2001 to May 2008).

Member, Panel of Economic Advisers, Congressional Budget Office, 1995 to 2007.

Member, Panel of Health Advisers, Congressional Budget Office, 2007 to 2013.

Member, Medicare Competitive Pricing Advisory Committee, 1997 to 2001.

Member, Advisory Board, Joint Committee on Taxation, 1995 to 1999.

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):

Fellow of Harvard College (Member of the Corporation), Cambridge, MA, 2002 to 2014 (Senior Fellow 2010 to 2014).

Member, Joint Committee on Inspection, 2002 to 2014 (Chair, 2008 to 2013); Corporation Committee on Shareholder Responsibility, 2004 to 2013 (Chair, 2010 to 2014); Finance Committee, 2011 to 2014 (Chair, 2010 to 2011); Governance Committee 2010 to 2014 (Chair, 2010 to 2014).

Board of Overseers, Harvard University, Cambridge, MA, 1996 to 2002.

Vice Chair, 2001 to 2002; Executive Committee, 1998 to 2002; Standing Committee on Social Sciences, 1996 to 2002 (Chair, 1998 to 2002); Chair, Special Committee of Higher Education Costs, 1998 to 2000; Subcommittee on Visitation, 1998 to 2002 (Chair, 1999 to 2002); Institutional Policy Committee, 1996 to 2002.

Trustee, Robert D. Reischauer GST Trust 1990 (1990–present).

AcademyHealth, Washington, DC, Director, 2002 to 2012; Chair, Finance Committee, 2008 to 2012.

Center on Budget and Policy Priorities, Washington, DC, Director, 1987 to 1989 and 1995 to present; Member, Finance and Audit Committee, 1995 to present.

International Budget Partnership, Pre-Board and Board, 2013 to present, Member, Audit and Finance Committee, Washington, DC, 2015 to present.

Manpower Demonstration Research Corporation, New York, NY, Director, 1995 to 2000, Chair, 1998 to 2000.

Mathematica Policy Research, Inc., Princeton, NJ, Director, 1987 to 1989.

P/PV (Public Private Ventures), Director, Philadelphia, PA, 1985 to 1989.

The Academy of Political Science, New York, NY, Director, 1995 to present.

The Committee for a Responsible Federal Budget, Washington, DC, Director, 1995 to present.

The Japan-America Student Conference, Washington, DC, Director, 1999 to 2004.

Member, Association for Public Policy Analysis and Management, 1980 to 2012, 2015 to present; Vice President, 1984 to 1985.

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

Bipartisan Policy Center, Committee on Retirement Security and Personal Savings, 2014 to present.

Advisory Board, The Japan Society of Boston, Inc., 2003 to present.

Advisory Board, Leonard D. Schaeffer Center for Health Policy and Economics, 2011 to present.

National Institute for Health Care Management, Advisory Board, 1996 to present.

Elected Member, Institute of Medicine (renamed the National Academy of Medicine in 2015), 1999 to present.

Member, Committee on the Roles of Academic Health Centers in the 21st Century, 2001 to 2003.

Member, Committee on Redesigning Health Insurance Performance Measures, Payment and Performance Improvement Programs, 2004 to 2006; Co-Chair, Subcommittee on Pay for Performance, 2005 to 2006.

Member, Committee on Health Insurance Status and Its Consequences, 2008 to 2009.

Member, Committee on the Future of Nursing, 2009 to 2010.

Member, Committee on the Variation in Health Care Spending, 2010 to 2013.

Elected Member, National Academy of Public Administration, 1980 to present.

Member, Committee on the Fiscal Future of the United States: Analysis and Policy Options; a joint project of The National Academies and the National Academy of Public Administration, 2008 to 2010.

Founding Member, National Academy of Social Insurance, 1986 to present.

Chair, National Advisory Committee, The Robert Wood Johnson Foundation's Changes in Health Care Financing and Organization (HFCO) Initiative, 2000 to 2012.

Member, Advisory Board, The Health Industry Forum, 2005 to present.

Member, Advisory Board, RAND Global Pharmaceutical Project, 2006.

Member, Independent Task Force on Immigration and America's Future, 2005 to 2006.

Member, Advisory Council, The Hamilton Project, 2006 to present.

Member, American Economic Association, 1970 to 2012.

Member, American Society for Public Administration, 1980 to present.

Chairman, Restructuring Medicare for the Long Term project, National Academy of Social Insurance, 1995 to 2004.

Commission on Behavioral and Social Sciences and Education, National Research Council, National Academy of Science, 1996 to 1999.

Committee for Economic Development, Research Advisory Board, 1996 to 1999.

Advisory Committee of the Center for the Study of the States, The Nelson A. Rockefeller Institute of Government, 1990 to 1998.

Practitioner Advisory Board, Graduate Program in Public Affairs and Administration, Columbia University, 1979 to 1984.

Editorial Board, *Public Budgeting and Finance*, 1980 to present.

Editorial Board, *Health Affairs*, 1996 to 2003.

Editorial Board, *Public Administration Review*, 1990 to 2002.

Editorial Advisory Board, *Political Science Quarterly*, 1973 to 1995.

Associate Editor, *Journal of International Affairs*, 1964 to 1965.

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.

None.

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.

Donald Berwick for Governor (MA) 2014 \$450

Judy Feder for Congress 2007–2008 \$1,500

Judy Feder for Congress 2005–2006 \$1,050

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):

The Harvard Medal for Extraordinary Service to Harvard University, Harvard Alumni Association, 2015; Honorary Membership Phi Beta Kappa, Alpha Iota (Harvard) Chapter of Massachusetts, 2013; Public Service Award, Harvard Club of Washington DC, 2013; National Academy of Social Insurance, Robert Ball Award for Outstanding Achievements in Social Insurance, 2012; Washington Academy of Sciences' Distinguished Career in Science Award, 2009; National Academy of Social Insurance Award for Exceptional Contributions to the Field of Social Insurance, 2001; John F. Kennedy Fellow to New Zealand, 1999; Fellow, National Association of Business Economists, 1996; Morris and Edna Zale Award for Distinction in Scholarship and Public Service, Stanford University Public Policy Program, 1995; Maxwell Spirit of Public Service Award from the Maxwell School of Citizenship and Public Affairs, Syracuse University, 1994; National Distinguished Service Award from the American Association for Budget and Program Analysts, 1994; Doctor of Laws, Wheaton College, Norton, MA 1994; S. Kenneth Howard Award, Section on Budgeting and Financial Management of the American Society for Public Administration, 1993; Brandeis University, Heller School Award for Leadership in Human Services, 1989; Ohio State University, School of Public Policy and Management Award for Outstanding Public Service, 1989.

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

Publications

“The Transformation of Medicare,” with Henry J. Aaron, in *Forum for Health Economics and Policy*, De Gruyter Online (November 2015).

- “Health Policy Issues and the 2016 Presidential Election,” with Alice M. Rivlin in *Campaign 2016: Eight Big Issues the Presidential Candidates Should Address*, Ron Haskins (editor) (Brookings Institution, November 2015).
- “The Federal Budget Mutated from a Civil Process into a Political Weapon,” in *America’s 21st-Century Challenge (The Fiscal Times)*, February 2, 2015).
- “The War Isn’t Over,” with Henry J. Aaron, *The New England Journal of Medicine*, vol. 362, no. 14 (April 8, 2010).
- “Toward a 21st-Century Health Care System: Recommendations for Health Care Reform,” with Kenneth Arrow et al., *Annals of Internal Medicine*, vol. 150, no. 7 (April 7, 2009).
- “Collective Accountability for Medical Care—Toward Bundled Medicare Payments,” with Glenn Hackbarth, J.D. and Anne Mutti, M.P.A., *The New England Journal of Medicine*, vol. 359, no. 1 (July 3, 2008).
- “Benefits with Risks—Bush’s Tax-Based Health Care Proposals,” *The New England Journal of Medicine*, vol. 356, no. 14 (April 5, 2007).
- “The Institute of Medicine Committee’s Clarion Call for Universal Coverage,” with Joseph P. Newhouse, *Health Affairs* web exclusive (March 2004).
- “Medicare Policy,” panelist with Nancy-Ann DeParle and Mark McClellan on “Medicare” by Joseph P. Newhouse, in Jeffrey A. Frankel and Peter R. Orszag, eds., *American Economic Policy in the 1990s* (MIT Press, 2002).
- “Greek Fiscal and Budget Policy and EMU,” with Vassilios G. Manessiotis, in Ralph C. Bryant, Nicholas C. Garganas, and George S. Tavlas, eds., *Greece’s Economic Performance and Prospects*, Bank of Greece/Brookings Institution (Bank of Greece Printing Works, 2001).
- Countdown to Reform: The Great Social Security Debate (Revised and Updated for 2001)*, with Henry J. Aaron (The Century Foundation/Brookings, 2001).
- “Good Policy vs. Good Politics: The Hazards of Designing a Medicare Prescription Drug Benefit,” with Michael E. Gluck, *The Milken Institute Review*, vol. 2, no. 4 (Fourth Quarter, 2000).
- “Who Really Wants Price Competition in Medicare Managed Care?,” with Len M. Nichols, *Health Affairs*, vol. 19, no. 5 (September/October 2000).
- Vouchers and the Provision of Public Services*, editor with C. Eugene Steuerle, Van Doorn Ooms, and George Peterson (Washington, DC: Brookings Institution Press/Committee for Economic Development/Urban Institute Press, 2000).
- “Medicare Vouchers,” in C. Eugene Steuerle, Van Doorn Ooms, George Peterson, and Robert D. Reischauer, eds., *Vouchers and the Provision of Public Services* (Brookings Institution Press/Committee for Economic Development/Urban Institute Press, 2000).
- “Bridging Past and Present: Choice and Social Insurance,” in Sheila Burke, Eric Kingson, and Uwe Reinhardt, eds., *Social Security and Medicare: Individual vs. Collective Risk and Responsibility* (National Academy of Social Insurance/Brookings Institution Press, 2000).
- Setting National Priorities: The 2000 Election and Beyond*, editor with Henry J. Aaron (Washington, DC: Brookings Institution Press, 1999).
- “The Dawning of a New Era,” in Henry J. Aaron and Robert D. Reischauer, eds., *Setting National Priorities: The 2000 Election and Beyond* (Brookings Institution Press, 1999).
- “Paying for an Elderly Population,” with Henry J. Aaron, in Henry J. Aaron and Robert D. Reischauer, eds., *Setting National Priorities: The 2000 Election and Beyond* (Brookings Institution Press, 1999).
- “Evaluating the President’s Framework for the Surplus,” *Tax Notes*, vol. 82, no. 11 (March 15, 1999).
- Medicare: Preparing for the Challenges of the 21st Century*, with Stuart Butler and Judith R. Lave, eds. (National Academy of Social Insurance/Brookings Institution Press, 1998).
- Countdown to Reform: The Great Social Security Debate*, with Henry J. Aaron (The Century Foundation/Brookings, 1998).

- “The Gradual Erosion of Employment-Based Benefits,” *Do Employers/Employees Still Need Employee Benefits?* (Employee Benefit Research Institute, 1998).
- “Light at the End of the Tunnel or Another Illusion? The 1997 Budget Deal,” *National Tax Journal*, vol. LI, no. 1 (March 1998).
- “Medicare: Beyond 2002,” in *Policy Options for Reforming the Medicare Program: Papers From the Princeton Conference on Medicare Reform*, Institute for Health Policy, Brandeis University (July 1997).
- “Medicare Beyond 2002: Preparing for the Baby Boomers,” *Brookings Review* (Summer 1997).
- “The Federal Line-Item Veto: What Is It and What Will It Do?,” with Philip G. Joyce, *Public Administration Review*, vol. 57, no. 2, (March/April 1997).
- Setting National Priorities: Budget Choices for the Next Century*, editor (Brookings Institution Press, 1996).
- “The Budget: Crucible for the Policy Agenda,” in Robert D. Reischauer, ed., *Setting National Priorities: Budget Choices for the Next Century* (Brookings Institution Press, 1996).
- “The Unfulfillable Promise: Cutting Nondefense Discretionary Spending,” in Robert D. Reischauer, ed., *Setting National Priorities: Budget Choices for the Next Century* (Brookings Institution Press, 1996).
- Reducing the Deficit: Past Efforts and Future Challenges*, The Frank M. Engle Lecture, The American College, Bryn Mawr, PA (1996).
- “The Medicare Reform Debate: What is the Next Step?,” with Henry J. Aaron, *Health Affairs*, vol. 14, no. 4 (Winter 1995).
- “Estimating the Effects of Reform,” with Linda T. Bilheimer, in Henry J. Aaron, ed., *The Problems That Won't Go Away: Reforming U.S. Health Care Financing* (Brookings Institution, 1995); also “Confessions of the Estimators: Numbers and Health Reform,” with Linda T. Bilheimer, *Health Affairs*, vol. 14, no. 1 (Spring 1995).
- “Budget Policy Under United Government: A Case Study,” in James L. Sundquist, ed., *Back to Gridlock? Governance in the Clinton Years* (Brookings Institution, 1995).
- “Pressures for Change: The Future Roles of Markets and Governments—An American Perspective,” in Roger Benjamin, C. Richard Neu, and Denise Quigley, eds., *Balancing State Intervention: The Limits of Transatlantic Markets* (St. Martin's Press, 1995).
- “Medicare: What to Do?,” *The Brookings Review*, (Summer 1995).
- “Congressional Budget Office (CBO),” *Encyclopedia of the American Presidency*, vol. 1 (Simon and Schuster, 1994).
- “Deficit Budgeting: The Federal Budget Process and Budget Reform,” with Philip G. Joyce, *Harvard Journal on Legislation* (Summer 1992).
- “Fiscal Policy and the Economy,” in Marvin H. Kosters, ed., *Personal Saving, Consumption, and Tax Policy* (American Enterprise Institute for Public Policy Research, 1992).
- “Paying to Restore the Bank Insurance Fund,” in Deloitte and Touche, *Soaring FDIC Premiums: Overcoming the Drag on Bank Earnings* (Deloitte and Touche, 1991).
- “Taxes and Spending Under Gramm-Rudman-Hollings,” *National Tax Journal*, vol. 43, no. 3 (September 1990).
- “Social Policy Formulation in the 1990s,” *Compensation and Benefits Management*, vol. 6, no. 3 (Spring 1990).
- “The Rise and Fall of National Urban Policy: The Fiscal Dimension,” in Marshall Kaplan and Franklin James, eds., *The Future of National Urban Policy* (Duke University Press 1990).
- “Working Within the Realities,” in Harriett D. Romo, ed., *Latinos and Blacks in the Cities: Policies for the 1990s*, a volume in the Symposia Series of the LBJ Library and the LBJ School of Public Affairs (University of Texas, 1990).

- “The Welfare Reform Legislation: Directions for the Future,” in David Ellwood and Phoebe H. Cottingham, eds., *Welfare Reform: What We Know and What We Don't* (Harvard University Press, 1989).
- “HELP: A Student Loan Program for the 21st Century,” in Lawrence Gladieux, ed., *New Approaches to Student Loans* (The College Board, 1989).
- “Immigration and the Underclass,” *The Annals of the American Academy of Political and Social Science* (January 1989).
- “Peddling Backward Into the Next Century,” in *Democratic Governance: America in the 21st Century*, The Donald S. MacNaughton Symposium, Proceedings 1989, November 8–9, 1989 (Syracuse University, 1990).
- “Thinking Systematically About the Budget Deficit Decision Facing the Next President,” in *The Federal Deficit: Where Do We Go from Here?*, The Donald S. MacNaughton Symposium, Proceedings 1988, November 10–11, 1988 (Syracuse University, 1989).
- “America’s Underclass,” *Public Welfare*, vol. 45, no. 4 (Fall 1987).
- “Welfare Reform: Will Consensus Be Enough?,” *The Brookings Review* (Summer 1987).
- “Welfare Reform and the Working Poor,” in Center for National Policy, *Work and Welfare: The Case for New Directions in National Policy* (Center for National Policy, March 1987).
- “Fiscal Federalism in the 1980s: Dismantling or Rationalizing the Great Society,” in Marshall Kaplan and Peggy Cuciti, eds., *The Great Society and Its Legacy* (Duke University Press, 1986).
- “Why the Reagan Revolution Failed: A Review Essay,” review of *The Triumph of Politics* by David Stockman, in *Political Science Quarterly*, vol. 101, no. 4 (1986).
- “The Prospects for Welfare Reform,” *Public Welfare*, vol. 44, no. 4 (Fall 1986).
- “The Congressional Budget Process,” in Gregory B. Mills and John L. Palmer, eds., *Federal Budget Policy in the 1980s* (Urban Institute Press, 1984).
- “Getting, Using, and Misusing Economic Information,” in Allen Schick, ed., *Making Economic Policy in Congress* (American Enterprise Institute for Public Policy Research, 1983).
- “Putting Reconciliation in Perspective,” in *Reconciliation: The New Public Process*, compendium of a symposium convened by the Committee for a Responsible Federal Budget and The Garfield Foundation, The Woodrow Wilson School of Public Affairs, Princeton University, Princeton, NJ, June 11–13, 1982 (1982).
- “Social Welfare Policies in the United States,” in Christain Stoffaes, ed., *The Political Economy of the United States* (North-Holland Publishing Company, 1982). This article was also published in an abridged form as *The Impact of Social Welfare Policies in the United States*, Report No. 823 (The Conference Board, 1982).
- “The Federal Budget: Subsidies for the Rich,” in Michael J. Boskin and Aaron Wildavsky, eds., *The Federal Budget: Economics and Politics* (Institute for Contemporary Studies, 1982).
- “Central City Issues,” in *The Impact of Demographic Changes on Social Programs*, a study prepared for the use of the Joint Economic Committee, Congress of the United States (May 7, 1982).
- “The National Economy and the Cities,” in Roy Bahl, ed., *Urban Government Finance: Emerging Issues* (Sage Publications, Inc., 1981).
- “Federal Budget Reveals Political, Economic Costs of Housing Assistance,” *Journal of Housing*, vol. 38, no. 3 (March 1981).
- “Intergovernmental Responsibility for Meeting the Equity Considerations of Proposition 13: The Federal Role,” in Selma Mushkin, ed., *Proposition 13 and Its Consequences for Public Management*, The Council for Applied Social Research, Abt Books (1979).
- “Federal Countercyclical Policy: The State and Local Role,” in *Proceedings*, National Tax Association, Tax Institute of America, Philadelphia, Pa., November 12–16, 1978 (1979).

Proposition 13: Its Impact on the Nation's Economy, Federal Revenues, and Federal Expenditures, with Peggy Cuciti (Congressional Budget Office, July 1978).

"The Economy, the Federal Budget, and the Prospects for Urban Aid," in Roy Bahl, ed., *The Fiscal Outlook for Cities: Implications of a National Urban Policy* (Syracuse University Press, 1978).

Budget Options for Fiscal Year 1977: A Report to the Senate and House Committees on the Budget (CBO Annual Report), with CBO staff (Congressional Budget Office, February 1977).

"Government Diversity: Bane of the Grants Strategy," in Wallace E. Oates, ed., *The Political Economy of Fiscal Federalism* (Lexington, MA.: Lexington Books, 1976).

"The Federal Government's Role in Relieving Cities of the Fiscal Burdens of Low Income Concentration," *National Tax Journal*, vol. 29, no. 3 (September 1976).

"General Revenue Sharing: The Program's Incentives," in Wallace E. Oates, ed., *Financing the New Federalism: Revenue Sharing, Conditional Grants, and Taxation* (Resources for the Future, 1975).

"The End of the Rainbow: The Future Prospects for Federal Aid to Elementary and Secondary Education," in K. Forbis Jordan and Kern Alexander, eds., *Futures in School Finance: Working Towards a Common Goal* (Institute for Educational Finance, 1975).

New York City's Fiscal Problem: Its Origins, Potential Repercussions, and Some Alternative Policy Responses, with Peter Clark and Peggy Cuciti (Congressional Budget Office, October 1975).

"The Effect of Reform in School Finance on the Level and Distribution of Tax Burdens," with Robert Hartman, in John Pincus, ed., *School Finance in Transition: The Courts and Educational Reform* (Ballinger, 1974).

"In Defense of the Property Tax: The Case Against an Increased Reliance on Local Non-Property Tax," in *Proceedings of the Sixty-Seventh Annual Conference*, National Tax Association, Tax Institute of America (1974).

Reforming School Finance, with Robert Hartman (Brookings Institution, 1973).

"Should We Discard the Property Tax as a Means of Financing Elementary and Secondary Education?," in *Revenue Administration, 1973*, Proceedings of the 41st Annual Conference, National Association of Tax Administrators, Atlantic City, NJ, June 10–14, 1973 (Federation of Tax Administrators, 1974).

"General Revenue Sharing" and "Grants for Social Programs," in Charles Schultze, Edward R. Fried, Alice M. Rivlin, and Nancy H. Teeters, *Setting National Priorities: The 1973 Budget* (Brookings Institution, 1973).

"Fiscal Problems in Cities" and "Financing Elementary and Secondary Education," with Robert Hartman in Charles Schultze, Edward R. Fried, Alice M. Rivlin, and Nancy H. Teeters, *Setting National Priorities: The 1973 Budget* (Brookings Institution, 1973).

"General Revenue Sharing," with Allen Manvel, and "Special Revenue Sharing," in Charles Schultze, with Edward K. Hamilton and Allen Schick, *Setting National Priorities: The 1972 Budget* (Brookings Institution, 1971).

Modernization of the Arab World, ed., with Jack H. Thompson (D. Van Nostrand, 1967).

Book Reviews and Op-Ed Articles

"What Works in the Deficit Reform Proposals," Topic A, *The Washington Post*, November 28, 2010.

"Do We Need Another Stimulus?," Topic A, *The Washington Post*, July 12, 2009.

"The End of Bipartisanship for Obama's Big Initiatives," Topic A, *The Washington Post*, March 22, 2009.

"Managing for Results," *The Washington Times*, August 9, 2005.

"When More Means Less," *The New York Times*, July 16, 2003.

"Don't Count on That Tax Cut," *The New York Times*, June 7, 2001.

"Stop Them Before They Overspend Again," *The New York Times*, February 8, 2001.

- “Bye-Bye, Surplus,” *The Washington Post*, December 5, 2000.
- “The Phantom Surplus,” *The New York Times*, January 28, 2000.
- “Where to Next for Trade?,” *Sunday Star-Times*, August 15, 1999 (Auckland, New Zealand).
- “Scrap the Budget Caps,” *The Washington Post*, June 9, 1999.
- “The 75-Year Plan,” *The New York Times*, April 9, 1999.
- “To the Market,” with Henry J. Aaron, *The Washington Post*, February 23, 1999.
- “The Future of Social Security: Tune It Up, Don’t Trade It In,” with Henry J. Aaron, *The Washington Post*, Outlook, April 19, 1998.
- “The Misguided Max Tax,” *The New York Times*, with William G. Gale, February 23, 1998.
- “Medicare for the Almost-Old,” *The Washington Post*, January 12, 1998.
- “Those Surpluses: Proceed with Caution,” *The Washington Post*, September 21, 1997.
- “Two Years That Make a Big Difference,” *The New York Times*, July 13, 1997.
- “Midnight Follies,” *The Washington Post*, June 22, 1997.
- “What Medicare Reform?” *The New York Times*, May 8, 1997.
- “Is This Budget for Real?: Five Key Numbers to Look for, a Citizen’s Guide,” *The Washington Post*, February 6, 1997.
- “Budgets in Wonderland,” *The Washington Post*, October 10, 1996.
- “How to Restrain Costs,” *The Miami Herald*, October 4, 1996.
- “Higher Tuition, More Grade Inflation,” with Lawrence E. Gladieux, *The Washington Post*, September 4, 1996.
- “Line Item Veto: Little Beef and Mostly Bun,” *The Washington Post*, April 10, 1996.
- “Time for the GOP to Declare Victory,” *The Washington Post*, January 25, 1996.
- “The Blockbuster Inside the Republicans’ Budget: In the Rush to Fiscal Devolution, Has Anyone Figured Out How to Divvy Up the Cash?,” *The Washington Post*, May 14, 1995.
- “Vote Just Prolongs Deficit Agony,” *Newsday*, March 22, 1995.
- “The Bizarre War on ‘STARS,’” *The New York Times*, October 17, 1988.
- “Bite the Deficit Gap, Not Social Security,” with Henry J. Aaron, *The Washington Post*, December 16, 1987.
- “Showdown at Deficit Gap: And the Stakes Are Higher This Time Around,” *The Washington Post*, August 4, 1987.
- “Welfare Reform: Consensus for Work Still Leaves Questions,” *The San Diego Union*, August 2, 1987.
- “The Working Poor Deserve a Better Break,” *Los Angeles Times*, April 5, 1987.
- Review of *How Real Is the Federal Deficit?* by Robert Eisner, in *Public Budgeting and Finance*, vol. 6, no. 4 (Winter 1986).
- “Tax Reform: The Nitty Gritty: It Can Help the Poor Even More,” *The Washington Post*, Outlook, June 1, 1986.
- Review of *Who Pays State and Local Taxes*, by Donald Phares, *Journal of Economic Literature*, vol. 20, no. 2 (June 1982).
- Review of *Taxing and Spending Policy*, Warren J. Samuels and Larry L. Wade, eds., in *The Government Financial Management Resources in Review*, vol. 3, no. 6 (September 1981).
- Review of *Urban Economic Development: Suburbanization, Minority Opportunity, and the Condition of the Central City*, by Bennett Harrison, in *Political Science Quarterly*, vol. 90, no. 1 (Spring 1975).
- “What Kind of Program,” a review of *The Education of Black Folk*, by Allan B. Balland, in *Growth and Change*, vol. 5, no. 3 (July 1974).

“How to Increase Revenue Sharing Payments by Changing Tax Policies,” *Revenue Sharing Bulletin*, vol. 3, no. 5 (March 1973).

“Which Rationing System?: No Easy, Popular Answers,” *Washington Star News*, May 11, 1972.

“Revenue Sharing: Matching the Money and the Needs,” *The Washington Post*, May 11, 1972.

Review of *The Morning After* by Victor Franco, in *Journal of International Affairs*, vol. 18, no. 1 (1964).

16. Speeches (list all formal speeches you have delivered during the past 5 years which are on topics relevant to the position for which you have been nominated):

I give dozens of formal and informal talks a year. I do not keep a list of these talks and in most cases use handwritten notes which I discard after the presentations.

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

I have served in this position for the past 5 years.

For several decades, I have studied, written and spoken about, and been consulted by policy makers, the media and experts about the challenges facing the Social Security and Medicare programs and the ways to address these problems. I served for 9 years on the Medicare Payment Advisory Commission. During 7 of those years, I was the Vice Chair of the Commission. I am a founding member of the National Academy of Social Insurance. From 1995 through 2004, I chaired the Academy’s “Restructuring Medicare for the Long Term” panel and was an ex officio member of many of that panel’s study groups. I have been a member of several IOM committees related to Medicare. I am the coauthor, with Henry Aaron, of a book on Social Security reform. I was a participant in President Clinton’s White House conference on Social Security and was the sole outside expert invited by the Democrats (Professor Marty Feldstein being the expert invited by the Republicans) to participate in the final conference discussion which was the closed Blair House session with the President and the Congressional leadership.

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.

No. The position is not a full-time government appointment.

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.

Yes. I intend to keep all of my current employment and other commitments, none of which constitute a conflict of interest. I will not enter into any future arrangements that may be considered as presenting a conflict of interest.

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.

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.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Social Security Administration's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this committee. I am not aware of any other potential conflicts of interest.

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.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Social Security Administration's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this committee. I am not aware of any other potential conflicts of interest.

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.)

See answer to question #4 of Section F (Financial Data) which relates to a trust agreement involving a Generation Skipping Trust established by the estate of my late parents. It involves no actual or 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.

Not applicable.

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.

No.

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

Yes. In 2004 a young woman fell and cut herself when she caught her bicycle handlebar on the passenger-side mirror of my car while trying to squeeze between my car and the curb where there was no lane. Three years later she sued me. My auto insurance company (Erie) settled the case, paying her lawyer's (a relative) expenses, which I was told were under \$100.

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.

QUESTIONS SUBMITTED FOR THE RECORD TO HON. ROBERT D. REISCHAUER

QUESTIONS SUBMITTED BY HON. ORRIN G. HATCH

Question. It is the chairman's view that if a public trustee, based on his or her knowledge of Social Security and Medicare, becomes aware of *possible* policy decisions that would significantly weaken the finances of either program, he or she bears a responsibility to *make this information available*. Do you agree with this?

Answer. If what is meant by "*possible* policy decisions that would significantly weaken the finances of either program" is probable actions that would significantly weaken program finances and do not require prior Congressional approval, I think the appropriate first step would be to bring the issue to the attention of the full Board of Trustees in the hope that it would speak to the issue. Following the decision, I think the trustees have a responsibility to make information on its fiscal impact available.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever expressed concern to you as to the credibility of the contents of the trustees' report?

Answer. No.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever expressed the view that the trustees' report development was conducted in any inappropriate way?

Answer. No.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever expressed concerns about the propriety of your past writing or continued writing about public policy issues during your term?

Answer. No. During the period of my service as a public trustee, no concerns of this sort were ever raised to me by any members or their staffs.

Question. Have you ever, while serving as a trustee, represented your own personal policy views as being those of the other trustees?

Answer. No.

Question. Have there ever, over the 5 years of your service as a public trustee, been any parts of the trustees' reports that do not reflect the consensus findings of all six trustees, including not only the two public trustees but also the secretaries of Treasury, HHS, and Labor, as well as the Social Security Commissioner?

Answer. No. The reports are in every sense consensus documents.

Question. Have you ever, while serving as a trustee, sought to modify the contents of the trustees' report without the agreement of the other trustees?

Answer. No.

Question. Are any individual trustees able to modify the content of the trustees' reports without the review and approval of all of the other trustees?

Answer. No.

Question. Is there any part of the trustees' reports that is not reviewed and approved by all six of the trustees and/or staff working on behalf of the trustees?

Answer. No.

Question. In your 5 years of service as a trustee, has any member of Congress or their staffs ever contacted you to express concerns about the quality, accuracy, tone, or truthfulness of your own individual writing on issues surrounding Social Security or Medicare?

Answer. No.

Question. Have you used your position as a trustee to promote policies that would weaken the finances of Social Security or Medicare?

Answer. No.

Question. The Social Security Act specifies, with respect to public trustees, that both may not be from the same political party. From what I have seen, in past trustee reports during your term of service, there were not any dissenting or minority statements on the report from you or your counterpart public trustee. From your perspectives, has there been a tradition of working by consensus in the process of producing trustee reports and, if so, do you believe that the tradition has been upheld during your term of service?

Answer. Neither I nor Dr. Blahous has filed a dissenting or minority statement relating to any of the five reports whose development we have contributed to. During our years of service, there has been a strong practice of developing consensus around the content of the reports, a tradition that I have been told has existed for many years.

Question. In a May 13, 2016 report in the popular press, it was written that “Democrats point to several instances in the trustees’ reports” that were released after your counterpart public trustee joined the board that “they say suggest the Social Security Trust fund is less solvent than it really is.” Of course, if that is true, then during your tenure as public trustee, there have been several instances in which you, your counterpart public trustee, the Secretary of the Treasury, the Secretary of the Department of Labor, the Secretary of Health and Human Services, and the Commissioner of Social Security, along with the Chief Actuary of the Social Security Administration, signed on to trustee reports that suggested that the Social Security trust funds are less solvent than they really are. Do you agree that there have been several instances in which trustee reports—reports that you and your colleagues signed on to—which have suggested that the Social Security Trust funds are less solvent than they really are?

Answer. I do not agree. I think the trustees’ reports that I have been associated with provide the Congress and the public with an accurate picture of the solvency of the Social Security trust funds. That said, there is unavoidable uncertainty in the projections, but the reports provide adequate analysis of the impact of that uncertainty on the trust funds’ solvency.

Question. Many in Congress, including me, desire to have information on how Social Security and Medicare, and their trust funds, interact with the rest of the Federal budget. Of course, we have mixed the general fund with Social Security’s trust funds, as with payroll tax holidays used for stimulus. According to the Office of Management and Budget (OMB), “whether a particular fund is designated in law as a trust fund is, in many cases, arbitrary.” Given all of that, in what sense is a Federal trust fund any different than any other account in the Federal budget or from a Federal revolving fund or even the general fund? And, are there any interrelationships between the general fund of the Federal Government and both the Old-Age and Survivors Insurance trust fund and Disability Insurance trust fund, or do trust fund accounts have no interrelationship with the overall federal budget?

Answer. As GAO has explained “Federal trust funds represent an accounting mechanism used to link earmarked receipts with the expenditures of those receipts.” An account is designated a trust fund when a law both earmarks receipts to a program and identifies the specific account as a “trust fund account.” In 2014, a tiny fraction (0.1 percent) of the combined income of the OASDI trust funds represented reimbursements from the General Fund of the Treasury. Transfers from the General Fund were much larger a few years ago when the trust funds were being reimbursed for the foregone payroll tax revenues associated with the stimulus program. The Old-Age and Survivors Insurance trust fund and Disability Insurance trust fund are part and parcel of the Unified Federal Budget.

QUESTIONS SUBMITTED BY HON. RON WYDEN

Question. My understanding is your terms as public trustees ended on July 22, 2015 and you have not been involved in the discussions or production of the 2016 trustees' reports. Is that correct?

Answer. Yes.

Question. Assuming that the answer to the above question is "yes," I assume that if either of you were to be confirmed by the full Senate before the 2016 trustees' reports are released to the public, that you will not sign those reports or participate in the press conference discussing the 2016 reports, is that correct?

Answer. Having not participated in the deliberations of the Working Group, the review of the recommendations of the 2015 Technical Panel on Assumptions and Methods, or the comment and revision process of the draft report, I agree with your assumptions.

 QUESTIONS SUBMITTED BY HON. JOHN THUNE

Question. Each year the Board of Trustees produces reports on the financial status of Social Security and Medicare. We know the public reads about the parts of the reports—things like the year in which the trust funds will be depleted—that make the headlines. What other data points in your analysis do you believe to be the most important for the Congress and the public to be aware of that fully demonstrate the financial status of both Medicare and Social Security?

Answer. Besides the dates of trust fund depletion, the data that I think most forcefully bring home in an easily understood fashion the challenges facing the Social Security and Medicare programs are:

(a) The size of the payable benefit reductions that would be required at the points of depletion of the several trust funds. These estimates are illustrated most starkly for OASI and DI in Figure II.D.2 and Figure II.D.3 of the 2015 Social Security report and for HI in Figure II.E.2 of the Medicare report.

(b) The sizes of the immediate tax increases required to sustain promised benefits. These estimates can be found on pages 5 and 6 of the OASDI report and page 30 of the Medicare report.

(c) The projected growth in SMI expenditures and the impact of that this growth will have on beneficiaries in the form of higher premiums and out of pocket costs and on taxpayers in the form of the increased demands on general revenues. Discussions of these points can be found on pages 36–39 of the Medicare report.

Question. In your view, is it true, as many have stated, that the longer we wait, the harder it will be to address the long-term sustainability of both Social Security and Medicare? Can you discuss the data in your latest reports to Congress that underscores this premise?

Answer. In my opinion, the most compelling illustration of this point is found on pages 24–26 of the 2015 Social Security report and in "A message from the Public Trustees" in the booklet *Status of the Social Security and Medicare Programs: A Summary of the 2015 Annual Reports* where we wrote:

"Continued inaction going forward to the point where the combined trust funds near depletion would—unlike the situation in 1983—likely preclude any plausible opportunity to maintain Social Security's historical financing structure.

"To appreciate these dangers, consider that under the Trustees' current projections, annual Social Security costs will be more than 25 percent higher than income by 2034. There is no historical precedent for closing annual gaps of this size within the space of just a few years. As the Trustees' Report notes, even the total elimination of Social Security benefits for those newly eligible in 2034 would be insufficient to restore short-term financial balance. Similarly, a payroll tax increase of the magnitude needed to maintain scheduled benefits would have a profound adverse impact on the economy and employment. Thus, while legislative action is not yet necessary to prevent imminent reductions in Old-Age and Survivors Insurance (OASI) benefits (the immediate threat being confined to disability benefits), prompt action is needed to prevent Social Security's aggregate financial shortfall from growing to an intractable size."

QUESTIONS SUBMITTED BY HON. MARIA CANTWELL

CHAINED CPI

Question. I have consistently opposed replacing the current cost-of-living adjustment method, known as the Consumer Price Index for Urban Wage and Clerical Workers (or CPI-W), with the Chained Consumer Price Index (known as Chained-CPI). This change would cut benefits for future beneficiaries by an average of 2 percent over the course of their retirement, according to a 2013 report by the Center on Budget and Policy Priorities. Moreover, for a beneficiary receiving Social Security over the course of 30 years the Chained CPI could cut benefits even more—up to almost 9 percent, according to the Center for Economic and Policy Research.

The problem is that the Chained CPI assumes that beneficiaries can simply choose cheaper alternatives when prices rise. However, it fails to acknowledge that many lower-income Social Security beneficiaries don't have the financial ability to switch from more expensive purchases because most of their income is dedicated to paying for necessities such as a medication, housing, a health checkup, or a trip to the grocery store for basic nutrition.

Do you believe that Social Security beneficiaries tend to have less ability to react to price-sensitivity than the general population, due to their inelastic demand for services like health care and transportation?

Answer. In my role as a trustee, there was never a discussion of this issue, nor would I expect there to be one in the future. As an analyst, my reading of the literature leads me to believe this is the case. In addition to the inelastic demand for some services mentioned in the question, the elderly and disabled tend to be less mobile and therefore less able to seek out outlets where prices might be lower.

Question. Do you believe that there are differences in the types of products and services needed by Social Security beneficiaries compared to the general population?

Answer. In my role as a trustee, there was never a discussion of this issue, nor would I expect there to be one in the future. As an analyst, my reading of the literature leads me to believe that the consumption patterns of the elderly and the disabled are different from those of the rest of the population. For example, the elderly and disabled spend a higher fraction of their incomes on medical care and housing and a lower fraction on transportation, food, education and apparel.

Question. Do you believe the Chained CPI reflects the realities of inflation for many Social Security beneficiaries?

Answer. In my role as a trustee, there was never a discussion of this issue, nor would I expect there to be one in the future. As an analyst, my reading of the literature leads me to believe that all of the measures of inflation we produce have deficiencies and, therefore, there are likely to be many Social Security beneficiaries for whom the Chained CPI would not represent a more accurate measure of the price increases they face.

Question. What is your position on replacing the CPI-W with the Chained CPI?

Answer. In my role as a trustee, there was never a discussion of this issue, nor would I expect there to be one in the future. As an analyst who has participated in discussions related to strengthening the financial position of Social Security, I have not thought it constructive to opine on the merits of single policies that might improve the program's financial situation or the adequacy of its benefits. Putting Social Security on a sustainable path for the long run is going to require a number of changes and, therefore, one should evaluate the desirability of an entire package of policies rather than a single element of a package in isolation. In doing so my primary concern would be that the entire package of measures needed to ensure the long-run viability of the program does not hurt and preferably helps those most vulnerable and dependent on the program.

CONSUMER PRICE INDEX FOR THE ELDERLY (CPI-E)

Question. Do you believe that the Consumer Price Index for Elderly Consumers (CPI-E) would more accurately reflect the costs that Social Security beneficiaries face?

Answer. This is not an issue that would ever come before the trustees. As an analyst, I would expect that this would be the case for many elderly beneficiaries but do not know whether this would be true for younger Survivors and Disability Insurance beneficiaries.

Question. What is your position on replacing the CPI-W with the CPI-E?

Answer. This is not an issue that would ever come before the trustees. As an analyst, my answer to this question would be the same as the answer I provided to the question of replacing the CPI-W with the Chained CPI.

PRIVATIZATION OF SOCIAL SECURITY

Question. What is your position on the privatization of Social Security?

Answer. This is not an issue that would ever come before the trustees. As an analyst, I have always been a strong supporter of social insurance and the current structure of the Social Security program and have not seen any advantage to considering privatization.

DEFICIT REDUCTION AND SOCIAL SECURITY

Question. Do you believe cuts to Social Security should be included in deficit reduction discussions?

Answer. This is not an issue which the trustees would discuss or have a position on. As an analyst who has been involved with the budget process for four decades, I am pragmatic on this issue. If a package of policies that addresses the long-term sustainability of the Social Security program could be agreed to as a stand-alone reform, I'd support that approach. If such a reform has to be a component of a larger effort to address the challenge posed by a growing unified budget deficit, I would support that approach. That said, I think a good case can be made for the second approach, because policymakers should want to coordinate any changes made to Social Security with those considered for Medicare, SSI, and other programs affecting the elderly and disabled.

Question. Do you believe that Social Security spending is a driver of annual deficits and the national debt?

Answer. Under current budget conventions, the difference between program revenues (mostly payroll tax receipts) and program expenditures, if negative, adds to the unified budget deficit and, if positive, reduces the unified budget deficit. The growing gap between the program's non-interest income and its expenditures means that Social Security will continue to contribute to projected increases in the annual deficit.

Cumulated since the program's inception, Social Security's revenues have exceeded its expenditures. The resultant surpluses have, by law, been invested in securities of the Federal Government. This has reduced the extent to which the Federal Government has had to issue debt to the public and thereby reduced the debt held by the public.

Question. Do you believe that the Social Security trust funds should be treated separately from general Federal revenue?

Answer. This is not an issue which the trustees would discuss or express an opinion on. As a citizen and an analyst, I think the current treatment of the trust funds and general revenues is appropriate and has a number of advantages.

DELIVERY SYSTEM REFORM IN MEDICARE

Question. As you know, the positions for which you have been re-nominated oversee the Medicare Part A and Part B trust funds in addition to the Social Security trust funds.

What role does reforming the Medicare delivery system play in improving the fiscal sustainability of the Medicare program in the coming years?

Answer. In recent years, significant legislation has been enacted designed to reform not just the Medicare delivery system but also the Nation's health delivery system more broadly. The trustees have done their best to estimate the extent to which these reforms may improve Medicare's fiscal situation. They have also discussed the uncertainty surrounding their estimates and have suggested that further reforms of the delivery system may be needed.

PUBLIC CONFIDENCE

Question. As you know, the public trustee positions were created to "increase public confidence in the integrity of the trust funds." How do you believe you have in-

creased public confidence in the Social Security trust funds during your previous appointment?

Answer. I think that I have helped to increase public confidence in the integrity of the trust funds by working hard to ensure that the reports are objective, thorough, understandable and of the highest technical quality. I also attended almost all of the Social Security and Medicare Technical Panel meetings where I interacted with many of the most influential opinion leaders in the world of social insurance. I have been willing to talk openly and honestly to stakeholders, policymakers, staff, media and the public who have had questions about the content of the trustees reports or the process by which they are generated. During my terms as Director of CBO, I developed a reputation for being a straight talker, and the fact that I have repeatedly stated that I think the current trustee process meets the highest standards of integrity, I believe has helped strengthen confidence. That said, I think the increased confidence the American people have in the integrity of the system stems largely not from the contribution of this or that trustee but rather from the willingness of trustees as a group to provide the public with the facts no matter how troubling they might be.

QUESTIONS SUBMITTED BY HON. SHERROD BROWN

Question. The Greenspan Commission, which first proposed creating these positions, said the role of a public trustee was to “create confidence in the integrity of the trust funds.” Do you both feel that you increased public confidence in these trust funds during your previous tenure? If so, how?

Answer. I think that I have helped to increase public confidence in the integrity of the trust funds by working hard to ensure that the reports are objective, thorough, and of the highest technical quality. I also attended almost all of the Social Security and Medicare Technical Panel meetings where I interacted with many of the most influential opinion leaders in the world of social insurance. I have been willing to talk openly and honestly to stakeholders, policymakers, staff, media and the public who have had questions about the content of the trustees’ reports or the process by which they were generated. During my terms as Director of CBO, I developed a reputation for being a straight talker, and the fact that I have repeatedly stated that I think the current trustee process meets the highest standards of integrity, I believe has helped strengthen confidence. That said, I think the increased confidence the American people have in the integrity of the system stems largely not from the contribution of this or that trustee but rather from the willingness of trustees as a group to provide the public with the facts no matter how troubling they might be.

Question. Do you believe the trust fund of Social Security contributes to the Federal deficit? If yes, why do you feel it should not be accounted for separately and apart from the general operating fund of the government?

Answer. Under current budget conventions, the difference between program revenues (mostly payroll tax receipts) and program expenditures (mostly benefit payments), if negative, contributes to the unified budget deficit. The growing gap between the program’s non-interest income and its expenditures means that Social Security will continue to contribute to projected increases in the annual deficit.

The trustees as trustees do not discuss or have a position on the structure of the budget nor appropriate budgetary treatment of various program accounts. As someone who supports the general principles put forward in the *1967 Report of the President’s Commission on Budget Concepts*, I am also a supporter of the “Off-Budget” status accorded to the program, which I think helps to strengthen its fiscal integrity as a self-financed social insurance program.

Question. Can you outline what experience you have in actuarial science that predates your work as a public trustee?

Answer. I have no formal training in actuarial science. As an economist, however, I have engaged in activities that are similar to the work of actuaries, including building models that use demographic and economic micro data to project the future benefits and costs of public programs. Much of my work at the Congressional Budget Office, the Brookings Institution, and the Urban Institute was similar to my responsibilities as a public trustee.

Question. Can you walk me through the first couple years of being a public trustee? What issues did you have the most trouble getting up to speed on? What have you learned since that, if you did it over again, you would do differently?

Answer. Having served on MedPAC for 9 years, been the director of CBO for 7 years, co-authored a book on Social Security, and been involved doing analysis of both programs, I considered myself something of an expert when I was first appointed. But I was surprised by the level of technical detail involved in the Working Group deliberations and the complex interactions that exist in both programs. Had I to do it over again, I would have asked to sit down for at least a day with a small group in each of the actuary's offices to walk me through the problematic issues that arose in preparing the previous several reports. There is also the unpredictability of the process. While detailed schedules are prepared to pace the process, they inevitably go awry. New legislation is enacted, new regulations are promulgated, court decisions are handed down, or model development is delayed. The block of time set aside for reviewing and commenting on report drafts, which may be the better part of a month, suddenly is pushed out 3 or so weeks to a time one had moved commitments that couldn't be planned during the time set aside in the original schedule. Each year, one thinks the disruptions just experienced won't be repeated the following year. They won't be, but others will pop up. The lesson is that one should block off a much more extended period of time for the process.

Question. What advice would you give a new public trustee to help them better understand the process?

Answer. I would suggest that any new public trustee meet separately with the outgoing public trustees, the actuaries, and several of the former Assistant Secretary-level representatives of the ex officio trustees to discuss the Working Group process and the manner in which the reports are drafted, reviewed, and commented on.

Question. Is there any institutional knowledge you gained in your tenure as a public trustee that you believe is essential to fulfilling the job's obligations? What institutional knowledge does a public trustee develop that a new trustee with a fresh perspective couldn't pick up on immediately?

Answer. The answer to Question 4 above is also relevant to this question. A new trustee has to learn the cycle for producing the reports. There are windows of opportunity for raising certain types of issues that a month or two later might be closed. Much of this has to do with the time the actuaries need to make changes to their models or insert new data and the order in which such changes must be made. There is also the fact that many issues have been discussed in the past. Some have been resolved; others are still open. With new public trustees, the discussion has to start anew; with continuing trustees, the discussion can build on a foundation. It is also important that the public trustees develop an ability to work well together. Coordinating their requests for supplementary information and trying to work out a common approach to an issue not only makes them more effective but also reduces the already heavy workload of the staff of the Working Group. I count myself as extremely fortunate to have as a fellow public trustee someone who is collegial, smart, productive, tough, and extremely knowledgeable. Since the process of developing the reports is a consensual one, new public trustees have to develop constructive relationships with the actuaries, the representatives of the ex officio trustees, and many of the key supporting staffs. This takes time, especially for those who may not have worked in Washington on these issues or interacted with these individuals before.

Question. Are there any biases or assumptions a person could have that you feel would disqualify them from being a public trustee?

Answer. A public trustee should be open-minded and objective with respect to new and existing methodologies, analysis, and data sources. The individual should be a supporter of the concept of social insurance and the basic structures of the Social Security and Medicare programs.

PREPARED STATEMENT OF HON. RON WYDEN,
A U.S. SENATOR FROM OREGON

This afternoon, the Finance Committee will discuss the re-nominations of the public trustees for the Medicare and Social Security trust funds. That sounds like a real

mouthful, but for me, this issue goes back to my time leading the Gray Panthers when the Medicare guarantee and the promise of Social Security were sacrosanct.

Today, millions of single, elderly women have to walk an economic tightrope each month, balancing the cost of food, health care, and covering the rest of the bills. These women count on Social Security to keep their heads above water. Medicare in 2016 is very different than the Medicare of 1965. Seniors living on extremely limited means are forced to contend with higher drug prices and chronic conditions such as cancer, diabetes, and heart disease that are often tougher and more expensive to treat. Our job is to protect these sacrosanct priorities and update these programs for unique times.

That's why business as usual, for a set of positions that are not household names, is not acceptable to me. And, by the way, this is not such a wild idea. The Finance Committee has a 30-year tradition of not reappointing anyone to these positions.

Every year, a big report comes out that looks into the future of Medicare and Social Security, and the public trustees play an important part in that process. It's a tough job that means looking into the future for what vulnerable and older Americans will need decades down the road. In my view, it's pretty clear that task requires constantly fresh perspectives for advisory roles like these positions.

What undergirds these positions is not just charts and facts and figures, as important as they are. It's about values, and that's why it's so important to get this right.

I'll be listening carefully to what colleagues and the nominees have to say about these concerns. Thank you to our nominees for joining us today.

