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1 EXECUTIVE COMMITTEE MEETING

2 FRIDAY, NOVEMBER 19, 1993

3 U.S. Senate,

4 Committee on Finance,

5 Washington, DC.

6 The meeting was convened, pursuant to notice, at  
7 11:00 a.m., in Room SD-215, Dirksen Senate Office  
8 Building, Hon. Daniel Patrick Moynihan (Chairman of the  
9 Committee) presiding.

10 Also present: Senators Bradley, Pryor, Riegle,  
11 Rockefeller, Daschle, Breaux, Conrad, Danforth, Chafee,  
12 Grassley, and Wallop.

13 Also present: Lawrence O'Donnell, Jr., Staff  
14 Director; Edmund Mihalski, Chief of Staff, Minority.

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1           The Chairman. A quorum has been established. We are  
2 here for the pleasant purpose of reporting out the  
3 nomination of Dr. Golden so we can get her confirmed and  
4 in place before the Senate adjourns for the first session;  
5 and for the further purpose of voting once again a bill to  
6 establish an independent Social Security Administration as  
7 it began.

8           I have a letter here from John Rother, who is  
9 Director of the Legislative Public Policy Division of the  
10 American Association of Retired Persons.

11           I'd like the Senators to be clear, this will enable  
12 us to go to the House if we pass this body and deal with  
13 the question of Social Security Contributions for  
14 household help. We haven't done it; we must do it, take a  
15 tax bill to the floor. So we will try to do it this way.

16           So if that is the case, I would like to have two roll  
17 call votes. Can we do voice votes? We have the co-  
18 sponsors, I should say, of the Social Security  
19 Administration Independence Act are Senators Packwood,  
20 Mitchell, Pryor, Grassley, Bradley, Riegle, Rockefeller.  
21 We have done this three times.

22           Senator Chafee. But it is opposed by the  
23 administration, is it not?

24           The Chairman. It is sir, yes, regardless of party.

25           Senator Chafee. Of party.

1 Senator Pryor. I have a statement for the record.

2 The Chairman. I wish you would do and we would  
3 appreciate it.

4 (The prepared statement of Senator Pryor appears in  
5 the appendix.)

6 The Chairman. I will put this AARP letter in the  
7 record.

8 (The letter appears in the appendix.)

9 The Chairman. May I first ask for a voice vote on  
10 reporting Dr. Golden to the Senate floor for the position  
11 as nominated by the President.

12 Senator Chafee. Now, is this not kind of  
13 embarrassing? She is sitting right here. Suppose we  
14 should vote against her.

15 The Chairman. Do you want to go in the back room?  
16 Perhaps we could have Dr. Golden to go in the back room.

17 I am going to make the bet. All in favor will say  
18 aye.

19 (A chorus of ayes.)

20 The Chairman. Those who dare to oppose.

21 (No response.)

22 (Laughter.)

23 The Chairman. Dr. Golden, we congratulate you and  
24 you can step down now.

25 Dr. Golden. Thank you very much.

1           The Chairman. Thank you.

2           And secondly, and lastly, on the proposal to report  
3 out the Social Security Independent Agency Act. Those in  
4 favor will say aye.

5           (A chorus of ayes.)

6           The Chairman. Those opposed like sign.

7           Senator Chafee. No, and I would like to be so  
8 recorded.

9           The Chairman. Yes. Senator Chafee will be recorded  
10 no. The ayes have it. A quorum has been established and  
11 we have Senator Mitchell -- we have the proxies of the co-  
12 sponsors. Senator Grassley is a co-sponsor, so we have  
13 his. The bill is reported out.

14           Thank you very much. I do believe this will be the  
15 last meeting of this session of the Congress. I want to  
16 thank every Senator for their great cooperation and thank  
17 the staff without which we would not be cooperative at  
18 all.

19           (Whereupon, at 11:05 p.m., the hearing was  
20 adjourned.)

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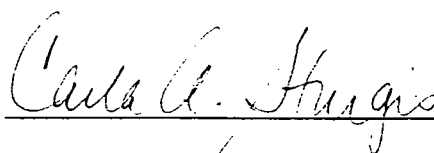
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## C E R T I F I C A T E

This is to certify that the foregoing proceedings of an Executive Session Meeting of the Committee on Finance, United States Senate, held on November 19, 1993, were transcribed as herein appears and that this is the original transcript thereof.



CARLA A. STURGIS

Court Reporter

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STATEMENT OF SENATOR DAVID PRYOR  
MARKUP OF A BILL TO MAKE SOCIAL SECURITY AN INDEPENDENT AGENCY  
November 19, 1993

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Mr. Chairman, not only this committee, but this country owes you a great debt of gratitude for your leadership in restoring the Social Security Administration as an independent agency. Both you and I have introduced legislation going back to 1984 to accomplish that goal. I am pleased to be an original cosponsor of your bill that we are considering today. Under your guidance, today will be remembered as an historic breakthrough in the life of this critical agency.

Social Security affects virtually every household in America. The public demands and deserves the highest quality of service from SSA. Unfortunately, they haven't been getting that kind of service lately, and problems have been growing.

Just last week, in a report to this Committee, the General Accounting Office concluded that service to claimants for disability benefits has "deteriorated significantly in recent years...Claim backlogs and processing times...reached an all-time high in fiscal year 1992."

Mr. Chairman, we need to reverse this trend. Your bill to make SSA independent is just the right prescription, and it needs to be taken immediately.

The bill before us today contains a number of key reforms, including its structure with a single administrator at the head of the agency, overseen by a bipartisan advisory board. In 1989, I asked the National Academy of Public Administration to conduct a study as to the best governing structure for an independent SSA. This nonpartisan study was received by the Special Committee on Aging.

It concluded that a single administrator was a far better model on which to operate SSA. The study cited historical examples of problems faced by government agencies that were run by boards. The GAO reached the same conclusion. The single administrator model incorporated in this bill is widely supported by independent experts in government operations.

An important protection that should be considered for inclusion in this bill, in order to make SSA truly independent, is to take Social Security completely off-budget. With your leadership, Mr. Chairman, we thought we had accomplished that goal in the Budget Enforcement Act of 1990. Unfortunately, some technical difficulties remain to be clarified. I look forward to working on this issue with you, Mr. Chairman, when this bill comes up on the Senate floor.



I hope we take up this bill on the floor very soon after we return next year. It is a long overdue restoration of SSA to its original and intended structure: as an independent agency.

I thank you, Mr. Chairman, for calling this historic markup today.

November 19, 1993

COMMITTEE ON FINANCE

MARKUP DOCUMENT

Establishing the Social Security Administration (SSA) as an Independent Agency

Present Law. - SSA is a component of the Department of Health and Human Services (HHS). While the Secretary of HHS has overall responsibility for administration of the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs, their administration has been delegated to the Commissioner of Social Security. The Commissioner reports only to the Secretary. The Commissioner is appointed by the President, by and with the advice and consent of the Senate, and is compensated at the rate for level IV of the Executive Schedule.

Under current SSA practice, there is one Principal Deputy Commissioner and six Deputy Commissioners (for management, operations, systems, policy and external affairs, human resources, and programs) who serve under the Commissioner. None of these are statutory positions. The Principal Deputy Commissioner is designated to serve as Acting Commissioner in the absence of the Commissioner.

By law, an advisory council is appointed by the Secretary of HHS every four years for the purpose of reviewing the status of the Social Security and Medicare programs, and a Board of Trustees is established to manage the OASDI Trust Funds.

Proposed Change. - The Social Security Administration will be established as an independent agency in the executive branch of the Government, responsible for the administration of the OASDI and SSI programs.

A. Commissioner and Deputy Commissioner of Social Security

The independent SSA will be directed by a Commissioner appointed by the President, by and with the advice and consent of the Senate, for a 4-year term coinciding with the term of the President (or until the appointment of a successor). The Commissioner will be compensated at the rate for level I of the Executive Schedule (equivalent to Cabinet officer pay). The Commissioner will be responsible for the exercise of all powers and the discharge of all duties of SSA, have authority and control over all personnel and activities of the agency, and serve as a member of the 5-member Board of Trustees of the OASDI Trust Funds.

The Commissioner will prescribe rules and regulations; establish, alter, consolidate, or discontinue organizational units and components of the agency (except for those prescribed by law); and assign duties, and delegate, or authorize successive redelegations of, authority to act and to render decisions, to such officers and employees as the Commissioner may find necessary.

The bill directs the Commissioner and the Secretary of HHS to consult with one another on an on-going basis to assure: (1) the coordination of the social security, SSI, and medicare and medicaid programs and (2) that adequate information concerning medicare and medicaid benefits will be available to the public.

The bill establishes a Deputy Commissioner in the independent SSA, who will be appointed by the President, with the advice and consent of the Senate, for a 4-year term coinciding with the term of the Commissioner or until appointment of a qualified successor.

The Deputy Commissioner will perform such duties and exercise such powers as are assigned by the Commissioner, and serve as acting Commissioner during the absence or disability of the Commissioner (or vacancy of office) unless the President designates someone else. The Deputy Commissioner will serve as the secretary of the OASDI Board of Trustees, and will be compensated at the rate provided for level II of the Executive Schedule.

#### B. Social Security Advisory Board

The bill provides for a 7-member part-time Advisory Board appointed for 6-year terms, made up as follows: 3 appointed by the President (no more than 2 from the same political party), and 2 each (no more than 1 from the same political party) by the Speaker of the House (with the advice of the Chairman and Ranking Minority Member of the Committee on Ways and Means) and the President pro tempore of the Senate (with the advice of the Chairman and Ranking Minority Member of the Committee on Finance).

Presidential appointees will be subject to Senate confirmation. Appointees will serve staggered terms. The chairman of the Board will be appointed by the President for a 4-year term, coinciding with the term of office for the President. The Board will be required to meet at least 6 times each year and generally will be responsible for giving advice to the Commissioner on policy issues.

Compensation of the members is set at a rate equal to 25 percent of level III of the Executive Schedule (except for meeting days when it would be equivalent to that of the daily rate of level III of the executive schedule). Other benefits (except for health insurance) will not accrue. The Board will have authority to appoint an SES staff director and hire its own staff.

The primary duty of the Board under this bill is to provide advice to the Commissioner of Social Security on policy matters relating to Social Security and SSI. Duties specified in the bill include analyzing the Nation's retirement and disability systems, making recommendations on policies to assure the solvency of the Social Security program, and engaging in activities that will increase public understanding of the Social Security system.

Because the Advisory Board essentially will take on the function of the quadrennial advisory council, this bill abolishes the advisory council for Social Security.

#### C. Personnel; Budgetary Matters

Under the bill, the Commissioner will appoint officers and employees to carry out the functions of SSA (with compensation fixed in accordance with title 5 of the U.S. Code, except as otherwise provided), and procure the services of experts and consultants.

The Director of the Office of Personnel Management (OPM) is directed to give SSA a larger allotment of SES positions to the extent a larger number is specified in a comprehensive work plan developed by the Commissioner, and the total number of such positions cannot be reduced at any time below the number SSA held immediately before enactment of this Act.

Appropriations requests for staffing and personnel of the Administration will be based upon a comprehensive work force plan, as determined by the Commissioner. Appropriated contingency funds will be apportioned upon the occurrence of the stipulated contingency, as determined by the Commissioner and reported to each House of Congress.

The number of positions in the independent SSA which may be excepted from the competitive service because of the confidential or policy-determining character of such positions cannot exceed the equivalent of ten full-time positions.

#### D. Transfers to the New Social Security Administration

The bill provides that assets and personnel related to the administration of Social Security programs will be transferred from HHS to the independent SSA.

HHS employees who are not employed on the date of the enactment of this bill in connection with functions transferred to SSA, but who are so employed on the day before SSA is established as an independent agency, may be transferred from HHS to SSA by the Commissioner, after consulting with the Secretary of HHS, if the Commissioner determine such transfers to be appropriate.

HHS employees who are employed on the date of enactment of this bill, solely in connection with functions transferred by this title to SSA, and who are so employed on the day before the date SSA is established as an independent agency, shall be transferred from HHS to SSA.

The office of Commissioner of Social Security in the Department of Health and Human Services is abolished effective upon the appointment of a Commissioner of Social Security pursuant to this Act.

#### E. Transitional Rules

The bill provides that the transition of SSA to its new status as an independent agency in the executive branch of the government will occur within 180 days after the enactment of this bill, unless the President establishes an earlier date. The transition will take place under the direction of a Transition Director, selected on the basis of experience and knowledge of the operation of the Federal government. Within 30 days after enactment, the President will appoint the Transition Director, who will be compensated at the rate provided for level IV of the executive schedule.

In conducting transition activities prior to the appointment of the Commissioner of Social Security, the Transition Director will consult regularly with the Director of the Office of Management and Budget. After such appointment, the Transition Director will conduct such activities at the direction of the Commissioner. Expenditures for necessary transition activities may be made out of the OASI and DI trust funds.

The President is required to appoint a Commissioner within 60 days after enactment of this bill. Upon such appointment and confirmation by the Senate, the Commissioner appointed under this title will assume the duties of the HHS Commissioner of Social Security until SSA is established as an independent agency.

Nominations and appointments provided for under the provisions of the Act may be made at any time on or after enactment.

The bill requires that within 120 days of enactment, the Transition Director and the Commissioner of Social Security report to the Congress on the status of the transition, and on any significant internal restructuring or management improvements that are proposed to be undertaken.

All orders, determinations, rules, regulations, permits, contracts, collective bargaining agreements, recognitions of labor organizations, certificates, licenses, and privileges which have been issued or have been allowed to become effective that relate to the functions that are vested in the Commissioner of Social Security shall continue in effect until modified, terminated or repealed by the Commissioner. Collective bargaining agreements shall remain in effect until the date of termination specified in such agreement.

The bill provides for the continuation of the existing advisory council for Medicare. The bill also repeals the requirement that SSA submit an annual report to the Congress on the administration of the Social Security program.

Sen. Moynihan



*Bringing lifetimes of experience and leadership to serve all generations.*

November 18, 1993

The Honorable Daniel Patrick Moynihan  
Chairman, Senate Finance Committee  
205 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Moynihan:

The American Association of Retired Persons (AARP) urges you to support S. 1560, legislation sponsored by Finance Committee Chairman Moynihan to make the Social Security Administration (SSA) an independent agency.

The Association believes that making SSA independent of Health and Human Services would help ensure that the Social Security program is administered in a stable and professional manner. This would help to build confidence in the program among retirees and today's workers.

As the largest and most widely known federal agency, SSA probably has more direct contact with the American public than any other single federal agency. Once a hallmark federal agency, the quality of service provided by SSA has been declining over the past fifteen years. Since 1978 SSA has undergone frequent turnover in high-level personnel and administrative reorganization that has displaced staff at all levels and disrupted administrative functions.

The downsizing of more than 20 percent of personnel has affected the quality of service at SSA, particularly in the disability area and on the 800 telephone number.

Today, SSA has the second largest budget in the federal government. It provides benefits to more than 42 million beneficiaries and maintains earnings records for over 120 million workers. Given the magnitude of its activities and its workload, SSA should operate on its own.

Making SSA independent would be a clear signal to many who question the future viability of Social Security that Congress is committed to protecting the Social Security program for the long-term.

Sincerely,

A handwritten signature in cursive script that reads "John Rother".

John Rother, Director  
Legislation and Public Policy Division

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