

1 OPEN EXECUTIVE SESSION TO CONSIDER FAVORABLY REPORTING
2 THE NOMINATIONS OF THE HONORABLE CHARLES P. BLAHOUS III,
3 OF MARYLAND, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF
4 THE FEDERAL HOSPITAL INSURANCE TRUST FUND FOR A TERM OF
5 FOUR YEARS, A MEMBER OF THE BOARD OF TRUSTEES OF THE
6 FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND FOR A
7 TERM OF FOUR YEARS, AND A MEMBER OF THE BOARD OF TRUSTEES
8 OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND
9 AND THE FEDERAL DISABILITY INSURANCE TRUST FUND FOR A
10 TERM OF FOUR YEARS (REAPPOINTMENTS); AND THE HONORABLE
11 ROBERT D. REISCHAUER, OF MARYLAND, TO BE A MEMBER OF THE
12 BOARD OF TRUSTEES OF THE FEDERAL HOSPITAL INSURANCE TRUST
13 FUND FOR A TERM OF FOUR YEARS, A MEMBER OF THE BOARD OF
14 TRUSTEES OF THE FEDERAL SUPPLEMENTARY MEDICAL INSURANCE
15 TRUST FUND FOR A TERM OF FOUR YEARS, AND A MEMBER OF THE
16 BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS
17 INSURANCE TRUST FUND AND THE FEDERAL DISABILITY INSURANCE
18 TRUST FUND FOR A TERM OF FOUR YEARS (REAPPOINTMENTS)
19 WEDNESDAY, NOVEMBER 30, 2016

20 U.S. Senate,
21 Committee on Finance,
22 Washington, DC.

23 The meeting was convened, pursuant to notice, at
24 10:04 a.m., in room 215, Dirksen Senate Office Building,
25 Hon. Orrin G. Hatch (chairman of the committee)
26 presiding.

LISA DENNIS COURT REPORTING
410-729-0401

1 Present: Senators Grassley, Crapo, Roberts, Enzi,
2 Cornyn, Thune, Isakson, Portman, Toomey, Coats, Heller,
3 Scott, Wyden, Schumer, Stabenow, Cantwell, Nelson,
4 Carper, Brown, Bennet, Casey, and Warner.

5 Also present: Republican Staff: Chris Campbell,
6 Staff Director; Mark Prater, Chief Tax Counsel; Jeff
7 Wrase, Chief Economist; and Nick Wyatt, Tax and
8 Nominations Professional Staff Member. Democratic Staff:
9 Joshua Sheinkman, Staff Director; Michael Evans, General
10 Counsel; Tom Klouda, Senior Domestic Policy Advisor, and
11 Ian Nicholson, Investigator. Non-Designated Staff:
12 Joshua LeVasseur, Chief Clerk and Historian; Jewel
13 Harper, Deputy Clerk; Bryan Palmer, Deputy Clerk; Athena
14 Schritz, Hearing Clerk; and Susanna Segal, Staff
15 Assistant.

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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR
2 FROM UTAH, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. The committee will come to order.
5 We are here today to once again process two of President
6 Obama's nominations: Dr. Charles Blahous and Dr. Robert
7 Reischauer to be Members of Boards of Trustees of Social
8 Security Supplementary Medical Insurance and Federal
9 Hospital Insurance Trust Funds.

10 For those who might be confused, let me clarify a
11 few things. Yes, the Finance Committee did vote to
12 report these two nominations to the floor earlier this
13 year. And, no, there have not been any new revelations
14 about the nominees or the positions they have been
15 selected to fill.

16 We are here today because some of my friends on the
17 other side have opted to utilize some relatively arcane
18 Senate rules in order to commit the nominations to the
19 committee and they have refused to agree to a swift, off-
20 the-floor vote in order to report them a second time.

21 Now, let me be clear. I do not begrudge any Senator
22 taking advantage of the rights afforded to them under the
23 rules of the Senate and of the committee. However, I am
24 not going to pretend that the concerns that have
25 prolonged the process of approving these two nominees are

1 suddenly legitimate.

2 On June 14, the *Washington Post* Editorial Board
3 called this fight "The showdown Democrats don't need to
4 have." Without objection, the text of that editorial
5 will be entered into the record.

6 [The article appears at the end of the transcript.]

7 The Chairman. As noted in that editorial, Senate
8 Democrats called out several Republican Senators on this
9 committee in their fundraising efforts, saying in one
10 release that they "irresponsibly voted" to report Dr.
11 Blahous' nomination. Fortunately, all of the Senators
12 who dealt with these claims will continue to be with us
13 as the voters saw through these irresponsible attacks.

14 All of this demonstrates that the opposition of
15 these nominations -- Dr. Blahous in particular -- is
16 about one thing and one thing only, and that is politics.

17 There is no substance here, only partisanship and
18 political talking points.

19 My friends on the other side have used a four-
20 pronged attack in this debate. First, they claim that as
21 a sitting member of the Social Security Board of
22 Trustees, Dr. Blahous miraculously duped all of the other
23 trustees, most of whom are senior, cabinet-level
24 officials of the Obama Administration, into agreeing to
25 some unspecified assumptions that somehow overstated the

1 financial challenges facing Social Security.

2 This claim was made on a number of fronts, including
3 an op-ed written by the senior Senator from New York,
4 along with two other Senators who are not on this
5 committee.

6 Put simply, these allegations of undue influence on
7 the part of Dr. Blahous are completely fabricated and
8 unambiguously false. No substantive evidence has been
9 offered to prove that the recent trustees' reports
10 utilized new or skewed assumptions, and absolutely no one
11 has been able to credibly explain how Dr. Blahous
12 supposedly orchestrated an effort to do so.

13 Even the Social Security Chief Actuary, who my
14 colleagues credited as being the lone voice of reason in
15 this manufactured controversy, recently stated that
16 "There has never been a need for the actuarial opinion to
17 state that any assumption or method used in the trustees'
18 reports is unreasonable."

19 I expect that we will hear these unsubstantiated
20 claims repeated here today, but that will not make them
21 any less ridiculous.

22 The second prong of the attack on Dr. Blahous has
23 focused on his employment at the Mercatus Center, which,
24 if you believe some of our colleagues, is a shady outfit
25 bought and paid for by the notorious and nefarious Koch

1 Brothers. Dr. Blahous, as the argument goes, is not a
2 real academic, but a cog in a vast right-wing conspiracy
3 to infiltrate the government.

4 I am not overselling my friends' conspiratorial
5 rhetoric here. The article drafted by the Democratic
6 Senators that I referenced earlier was actually entitled
7 "The Koch Brothers Are Trying to Handpick Government
8 Officials. We Have to Stop Them."

9 Now, I am not going to spend much time refuting this
10 particular attack, because, quite frankly, it is absurd
11 on its face. Rather than venture down rabbit holes of
12 debating the funding of particular academic organizations
13 and think tanks -- keeping in mind that there are
14 billionaires on the left who also donate funds to these
15 types of entities -- I will simply note that this is a
16 clear ad hominem attack that implies guilt by association
17 without any serious effort to refute anything Mr. Blahous
18 has actually written or said.

19 Now, the third prong of this attack has been the
20 claim that we are somehow violating a longstanding
21 "tradition" by allowing for the reappointment of public
22 trustees to a second term. Now, let us keep in mind,
23 however, that the committee has only processed five sets
24 of trustees in the history of the Boards. So, I hope
25 people will maintain some perspective as to what

1 constitutes a "tradition" and what has simply been the
2 course of events over a relatively small number of
3 nominations.

4 While I disagree with this position, I am willing to
5 have that debate over the need for fresh perspective on
6 these matters. I will, however, point out that, to my
7 knowledge, no one making this particular argument has
8 introduced legislation to require what some argue are the
9 sorely needed "fresh eyes." Still, if we are going to
10 have that debate, we should also include positions like
11 the Social Security Chief Actuary, which has far greater
12 influence on policy than the trustees and has not had a
13 pair of "fresh eyes" in roughly fifteen years.

14 The final prong of attack against Dr. Blahous has
15 been an attempt to censor his research and writings, and
16 those of anyone else who may share his views.

17 My colleagues argue that, as a public trustee, Dr.
18 Blahous should refrain from ever writing or commenting on
19 Social Security or Medicare policy or even acknowledge
20 publicly that he is a trustee. They do not propose to
21 apply that same restriction to the other trustees who
22 serve in the President's cabinet and have far more
23 influence on the direction of policy.

24 No, they only want to censor the opinions of public
25 trustees, more specifically the Republican trustees, who,

1 more often than not, tend to be academics who make their
2 living publishing research on these important matters.

3 This is, of course, a blatant effort to chill the
4 public debate over Social Security and Medicare policy,
5 with the apparent hope that anyone daring to challenge
6 the conventional wisdom of my friends on the other side
7 will refrain from expressing their views in order to
8 avoid the kind of public reproach we have seen with Dr.
9 Blahous. This, too, is absurd, like all of the other
10 lines of attack used against these nominees.

11 I am going to be blunt. So far, the debate in the
12 Senate over these two nominees has been beneath us. By
13 all means, let us have a full and fair discussion of
14 policy, disagree where you want, and vote accordingly.
15 But, I hope we can stick to the facts and not use the
16 committee as an extension of the perpetual campaign
17 cycle.

18 With that, let me just say, I think if we watch what
19 this committee has done over the last two years, we
20 worked very closely with our colleagues on the other
21 side, and our colleagues on this side. We have worked
22 very much to try and bring people together and have the
23 committee work in a very functional way. And I hope we
24 can continue to do that.

25 I want to personally thank Senator Wyden for the

1 kindness that he has exhibited towards me and towards
2 Republicans and others on the committee. He has been a
3 wonderful partner in many ways as far as I am concerned.
4 I have said that publically, so I will say it again
5 publically, he is a good companion.

6 I will turn to Senator Wyden for his opening remarks
7 at this time, in any event.

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

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4 Senator Wyden. Mr. Chairman, thank you. Thank you
5 for those kind words. I think you know I reciprocate
6 respect in my feelings about you.

7 The Chairman. Thank you.

8 Senator Wyden. We have two individuals here who
9 are up for second terms. We all had opportunities to
10 make statements in June, so I am going to be very brief
11 this morning.

12 My views have not changed. When it comes to Social
13 Security and Medicare, there is no inconsequential job,
14 and I do think if you have had a policy for 30 years --
15 and I guess you can debate, does that constitute a
16 tradition -- I think colleagues can have a difference of
17 opinion, but I think it does -- number one.

18 And I think it is particularly relevant because our
19 good friend and Senior Member, Senator Grassley, who
20 chaired the committee, and Senator Baucus, both of whom
21 have a long tradition of working in a bipartisan way,
22 articulated this at some point with a great deal of
23 specificity. They said, and I will quote here -- this is
24 Chairman Grassley and Max Baucus, quote, "The position of
25 public trustee was created in 1983 to bring new

1 perspectives and provide greater public accountability to
2 the annual Social Security and Medicare trustees'
3 reports. No one has ever served more than one term as a
4 public trustee. We believe this important precedent must
5 be maintained."

6 So we can go back and forth about whether it is a
7 tradition or a precedent, but the fact of the matter is,
8 two of the Members who have served longest and have been
9 widely respected on both sides of the aisle felt very
10 strongly that this was an important precedent. Their
11 views, not mine.

12 Now, obviously, when you are a public trustee, you
13 are in a position to influence the debate over future
14 Medicare and Social Security policies. The one-term
15 tradition means that on an ongoing basis, you are
16 guaranteeing an opportunity for fresh eyes, fresh
17 perspectives, independent of politics.

18 In my view, that is a modest and meaningful way to
19 protect the program and the millions of Americans who
20 count on it. This concept was upheld by both sides of
21 the committee in 2006. So, again, you see precedent.
22 When President Bush tried to reappoint two public
23 trustees who had already served one term, this committee
24 objected.

25 Now, I think colleagues know that I have some major

1 policy disagreements with Dr. Blahous, and I have had
2 views with respect to Social Security and Medicare since
3 the days when I was director of the Oregon Gray Panthers.
4 For seven years, I took views that were based on
5 principles we are going to talk about here today.

6 I was opposed then -- 100 percent -- to privatizing
7 Social Security. I still am, but I want it understood
8 that I do not expect to see eye-to-eye with every public
9 trustee. This is not whether you go in here and say
10 whether you agree with the person on the following seven
11 or eight issues. I have big disagreements with Dr.
12 Blahous on some key questions with respect to these kinds
13 of programs.

14 By the way, not only do I have disagreements, but I
15 think Members on this committee have offered concrete
16 bipartisan alternatives. I see my friend, Senator
17 Isakson here, who has championed the chronic care effort.
18 This is a way to update the Medicare guarantee, to take
19 those guaranteed benefits and update them. We do that in
20 a bipartisan way. Senator Isakson and I have been
21 working on that for years and years, and Senator Hatch
22 and Senator Warner have joined in that effort.

23 So this is not a question about whether you are
24 going to see eye-to-eye with every public trustee, and
25 the reality is that we have done important bipartisan

1 work in this committee. I do agree with what Senator
2 Grassley and Senator Baucus said a decade ago. There is
3 a reason for this one-term precedent. Call it tradition.
4 Call it precedent. There is a reason for adhering to it.

5 I am going to vote against confirming both nominees.

6 Mr. Chairman, I think a couple of my colleagues have
7 brief statements, but I think both of us were interested
8 this morning in seeing if we could keep this brief. I
9 thank you for the time.

10 The Chairman. I thank you, Senator. Is there
11 anybody else who would care to comment on either side?

12 Senator Nelson. Yes.

13 The Chairman. The Senator from Florida.

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1 OPENING STATEMENT OF HON. BILL NELSON, A U.S. SENATOR
2 FROM FLORIDA

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4 Senator Nelson. Mr. Chairman, it will not surprise
5 you to know that in my state of Florida we have well over
6 4 million Social Security recipients as well as Medicare
7 recipients. When somebody starts talking about
8 privatizing Social Security and Medicare, that gets my
9 attention. I am not going to condone someone who would
10 advocate that.

11 It is just a simple statement.

12 The Chairman. Thank you, Senator. Anybody else?

13 Senator Brown?

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1 OPENING STATEMENT OF HON. SHERROD BROWN, A U.S. SENATOR
2 FROM OHIO

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4 Senator Brown. Yes, Mr. Chairman, my statement is
5 longer than Senator Nelson's, and probably longer than
6 Senator Wyden suggested we would speak.

7 This, Mr. Chairman, provides a preview of what our
8 colleagues in the Republican party want to do in this
9 Congress and the next Congress. It is disappointing and
10 it is alarming that our committee's first action since
11 the election is to attack Social Security and Medicare.

12 Dr. Blahous is a political operative. He works at a
13 center funded, in part, by the Koch Brothers. What we
14 are seeing today is the opening salvo in the right wing's
15 renewed attacks on social insurance.

16 For two generations, Republicans do not like social
17 insurance. That is fine. It is your political view.
18 You do not like unemployment insurance, or Medicare, or
19 Social Security. But be honest about what the issues are
20 all about.

21 The position of public trustee was created at the
22 recommendation of the 1983 Greenspan Commission to
23 "inspire confidence in the integrity of the trust funds."
24 In his term, Dr. Blahous has done the opposite. He used
25 his position as a public trustee to advocate a partisan

1 agenda that is outside the responsibilities of the Social
2 Security Board of Trustees, not to mention outside of the
3 views of the mass majority of the public that he claims
4 to represent.

5 He is employed at the Mercatus Center, the right
6 wing think tank funded by the Koch Brothers. He spent
7 his time their writing partisan reports questioning the
8 integrity of the greatest anti-poverty part of government
9 we have ever had, Social Security, for seven, eight
10 decades now.

11 He has advocated cutting benefits and raising the
12 retirement age all under the guise of reform. In fact,
13 he was the architect of the Bush Administration's failed
14 blueprint for privatizing Social Security, a political
15 and a substantive disaster that the Bush Administration
16 -- a bit late, but finally backed off of.

17 Dr. Blahous promoted claims that the Social Security
18 disability insurance was in financial peril. He tried to
19 demonize the program which provides subsistence level
20 insurance for injured workers. As a private citizen, of
21 course, Dr. Blahous is entitled to promoting any idea he
22 sees fit. He is entitled to spread the misinformation
23 and fear that he does about the single effective anti-
24 poverty program ever.

25 He is entitled to attempt to place Social Security

1 at the mercy of Wall Street. He is entitled to suggest
2 that solutions to all of the nation's fiscal challenges
3 are simply to ask American seniors to get by with less so
4 that billionaires can get by with more.

5 I disagree with his policy solutions, of course, as
6 does 70, 80, 90 percent of the public, but his role as a
7 private citizen -- that is his right to do that. I do
8 not question that for a moment.

9 The trouble is that Dr. Blahous promoted many of
10 these ideas while using the title "Public Trustee." This
11 politicizes what heretofore -- and we know from Marilyn
12 Moon to so many others over these years in both parties
13 -- has been an apolitical position.

14 As I said when the nomination was first before this
15 committee, five, six months ago, Dr. Blahous leaves the
16 impression that he speaks for the Social Security
17 Administration. He does not. He leaves the impression
18 that he speaks for the public. He must not.

19 Republicans here know that Democrats do not support
20 this nominee. Apparently, they feel so strongly about
21 allowing Dr. Blahous to push his extreme agenda with a
22 government title, that they waste our precious time with
23 this hyper-partisan stunt.

24 At a time when American's are experiencing less
25 certainty -- and I appreciate the Chairman's interest in

1 retirement security, but American's experience less
2 certainty in retirement than ever, we cannot enable
3 someone who pushes this partisan political agenda to hide
4 behind the title of public trustee. We cannot allow
5 right wing political operatives to work within the Social
6 Security Administration and erode the American people's
7 trust in the foundation of our working families'
8 retirement security.

9 Think what would happen, Mr. Chairman, if Dr.
10 Blahous' plan had succeeded when he was at the righthand
11 of George Bush -- the second President Bush. If his plan
12 had succeeded in 2005 and American Social Security had
13 been invested in the stock market in 2008 and 2009,
14 families' Social Security safety net, the one thing they
15 can count on -- half the people in my state depend on
16 Social Security for more than half of their income.

17 We know how important it is in Michigan, and Oregon,
18 and Utah, and Iowa, and every state represented here.
19 The one thing they can count on when their 401(k) loses
20 value, when the housing market crashes, it would have
21 been wiped out. Thankfully, we did not allow that to
22 happen.

23 I guarantee that while I serve on this committee,
24 Mr. Chairman, we will not allow it to happen. We cannot
25 allow a few billionaires like the Koch Brothers, or we

1 cannot stack the government agency tasked with protecting
2 Social Security. We just simply cannot have that happen.

3 I hope my colleagues will do the right thing and
4 join me, once again, in rejecting an ideological and
5 partisan nominee.

6 Thank you, Mr. Chairman.

7 The Chairman. Thank you. Anybody else care to
8 comment?

9 Let me just say this, Senator. He is only one
10 member of this Commission. And I might add that maybe he
11 has presented some ideas. We all know that Social
12 Security is going broke if we do not do something. I do
13 not think ideas should be held against anybody on the
14 Commission.

15 To make a long story short, he was put forward by
16 your president, President Obama. Now maybe he did not
17 want to do that, but he did.

18 Through all that I know about Dr. Blahous, he is a
19 very fine human being with a tremendous academic and
20 economic background, just the kind of person you would
21 think would be good for this kind of work. But he is not
22 going to control the Commission, even if he was as bad as
23 you feel that he is.

24 Now, we are trying to put -- well, the President's
25 nominee through. Maybe he did not like Dr. Blahous, and

1 he did not have to nominate him.

2 I understand the distinguished Senator's concern
3 about Social Security. As an 82.5 year old, I am
4 concerned about Social Security for everybody. But I
5 think to blast everybody who differs with you on this as
6 just people who are just going to try and destroy Social
7 Security is not the way to go.

8 And I have never been afraid of new ideas. I think
9 the best ideas will win out in the end. It may very well
10 be that the distinguished Senator's ideas are the best
11 under the circumstances. I do not think so, but it may
12 be.

13 I do not know if we can get a quorum here. If we
14 could -- Senator Stabenow, let me turn to you.

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1 OPENING STATEMENT OF HON. DEBBIE STABENOW, A U.S. SENATOR
2 FROM MICHIGAN

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4 Senator Stabenow. Thank you very much, Mr.
5 Chairman. I would like to speak on this as well.

6 While these nominations might not be the most
7 exciting or glamorous positions that the Finance
8 Committee takes up for consideration, there is no
9 question that the Social Security and Medicare Public
10 Trustees are very, very important. That is because the
11 public trustees have a crucial duty of loyalty to the
12 American people when it comes to Social Security and
13 Medicare Trust Funds.

14 In fact, these positions were specifically
15 established to ensure public accountability for the
16 trustees' reports and to increase the level of confidence
17 that the public would have in the Social Security and
18 Medicare Trust Funds and the projections about their
19 solvency.

20 Indeed, one of the goals of these positions is to
21 make sure the trustees would not all be Washington
22 insiders and political appointees. Unfortunately, if
23 these nominees are confirmed for a second term, that
24 objective will not be carried out which is one reason I
25 will, once again, be voting no on both nominees.

1 I have very grave concerns about confirming these
2 nominees. That would be true even setting aside their
3 merits. That is because it is almost unprecedented to
4 confirm Social Security and Medicare Public Trustees for
5 a second term.

6 The specific purpose was to make sure the public had
7 a voice, not to create professional Social Security and
8 Medicare Trustees. That being said, I am especially
9 concerned about Dr. Blahous' nomination. He is someone
10 who has supported cuts to Social Security as has already
11 been talked about, as well as privatization. Both things
12 I whole-heartedly oppose.

13 Most recently, Dr. Blahous supported using the need
14 for reallocation of funding to the Social Security
15 Disability Insurance Trust Fund as an opportunity to try
16 and force cuts to Social Security benefits. Dr. Blahous
17 has an even more disturbing agenda on privatization. He
18 has a long, and proud, and public history of supporting
19 privatization of Social Security. In the George W. Bush
20 Administration, he helped develop their proposal to
21 privatize Social Security.

22 I join with others in saying that I completely
23 reject the idea of privatizing Social Security and would
24 never support such a proposal. I think it is dangerous
25 for someone to be a public trustee of a program that they

1 essentially do not believe should exist in its current
2 form.

3 I might just add this, Mr. Chairman, unfortunately,
4 the Trump Administration is bringing us even more
5 advisors and appointees who support privatizing Social
6 Security as well as Medicare.

7 Donald Trump's primary advisor on his transition
8 team for Social Security issues is a lobbyist who has
9 spent years advocating for privatization of Social
10 Security as well as harmful cuts. This person
11 acknowledged in the past that the cuts he supported would
12 hurt seniors, but it did not sway him from making the
13 argument.

14 Finally, I am most concerned about the nominee for
15 Secretary of Health and Human Services, Dr. Price, who
16 supports privatizing Medicare and expects Republicans in
17 Congress to move quickly on legislation to do this next
18 year.

19 I would submit the rest of my comments for the
20 record, Mr. Chairman.

21 [The prepared statement of Senator Stabenow appears
22 at the end of the transcript.]

23 Senator Stabenow. But I do believe that with the
24 nominees in front of us, it is very important to have a
25 fresh perspective and some members who will improve the

1 public's confidence in these programs. For this reason,
2 I believe it is important to vote no.

3 Thank you.

4 The Chairman. Well, thank you Senator. It appears
5 to me we are not going to get a quorum here, so we will
6 try to vote this nominee out -- Senator Thune?

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1 OPENING STATEMENT OF HON. JOHN THUNE, A U.S. SENATOR FROM
2 SOUTH DAKOTA

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4 Senator Thune. Mr. Chairman, I would just echo the
5 point that you made earlier. These are nominees that
6 have been put forward by President Obama. Is that
7 correct?

8 The Chairman. That is right.

9 Senator Thune. These are President Obama's
10 nominees to those positions?

11 The Chairman. Correct.

12 Senator Thune. Well, I would just say to my
13 colleagues on the other side that everybody has a right
14 to vote against -- vote for, vote against them.

15 I certainly, and I think a lot of Members on this
16 side take issue with assertions made by our colleagues on
17 the Democrat side that Republicans on this committee or
18 Republicans, in general, do not support Social Security
19 or Medicare, or other programs that benefit people in
20 this country. I cannot believe that that is the
21 discussion we are having right now. Those are cheap
22 political talking points.

23 The Chairman. Right.

24 Senator Thune. And you know that the more times
25 you can incorporate the Koch Brothers into your remarks.

1 But we all acknowledge -- as you did, Mr. Chairman, in
2 your opening remarks -- that Social Security and Medicare
3 are programs that are destined to go belly up. And if we
4 do nothing, we are headed for a cliff.

5 These are programs that are not sustainable. We all
6 know that. I would certainly hope that we would act in
7 the best interest of the American people. And that is
8 take steps that are necessary to strengthen those
9 programs not just for people who depend upon them today,
10 but for future generations of Americans as well. In
11 order for us to do that, we have to confront the reality
12 about the current actuarial outlook for these programs.

13 So I think it would be much more constructive for
14 all of us recognizing that in order to get anything
15 through this committee, and ultimately through the
16 Senate, is going to take a level of cooperation
17 bipartisanship. And I would hope that we could start
18 there and build off of that foundation instead of
19 implying that a bunch of Members on this side of the
20 aisle are not in favor of, or do not support Social
21 Security and Medicare. That is obnoxious on its face.

22 Thank you, Mr. Chairman.

23 The Chairman. Well, thank you. I agree with you,
24 Senator. There is nobody on this committee that wants to
25 harm Social Security. We all know how important it is.

1 Now Senator Casey has some remarks he would like to
2 make.
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1 OPENING STATEMENT OF HON. ROBERT P. CASEY, JR., A U.S.
2 SENATOR FROM PENNSYLVANIA

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4 Senator Casey. Mr. Chairman, I will be really
5 brief. I apologize I am late. I do not want to hold
6 everyone up.

7 The Chairman. All right.

8 Senator Casey. I will submit a longer statement for
9 the record, but two basic points --

10 The Chairman. Without objection.

11 Senator Casey. Thank you very much. Two basic
12 points when it comes to Social Security and Medicare.
13 Number one: both are promises that we have got to keep.
14 I think that is a sentiment that is widely shared.

15 The Chairman. Everybody agrees with that.

16 Senator Casey. Everyone agrees on both sides on
17 that. The independence of those that serve as trustees
18 is one of the issues people are concerned about.

19 We have got to make sure that these individuals who
20 oversee both programs, Social Security and Medicare, are
21 truly independent. I have real concerns, as we have
22 stated before, about the individuals who have come before
23 the committee. So I will continue voting against both,
24 but I just wanted to make sure that that was on the
25 record.

1 Mr. Chairman, thank you very much. I will submit
2 something longer.

3 The Chairman. Thank you, Senator. Senator Isakson
4 would like to say a few words.

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1 OPENING STATEMENT OF HON. JOHNNY ISAKSON, A U.S. SENATOR
2 FROM GEORGIA

3
4 Senator Isakson. I just wanted to add, Mr.
5 Chairman, that whoever wrote most of the comments made
6 alleging us trying to privatize Social Security on the
7 Republican side wrote the speeches for my opponent in
8 November who ran those ads on TV trying to defeat me, and
9 labeled me with an attitude towards Social Security and
10 privatization which is patently wrong.

11 Your statement is correct, that every Member of the
12 committee, Republican and Democrat alike, want to save
13 Social Security. Like you, I am a beneficiary today of
14 Social Security. The last thing I want to see us do is
15 ruin it.

16 To think outside of the box is the only way we are
17 going to save a system that is going broke at a more
18 rapid rate every day. I appreciate your willingness to
19 bring these nominees forward and us to move forward.

20 The Chairman. Well, thank you, Senator. I think
21 you summed it up very well.

22 Look, we can play politics with this issue all you
23 want to, but that is not going to solve the problem. We
24 have got to -- in this committee, we have got to find a
25 way of shoring up Social Security and the loss of

1 economics make that very difficult to do with some of the
2 attitudes we have around here. We are going to have to
3 do it.

4 There is not a soul on this committee that does not
5 want to save Social Security, not a staffer that I know
6 of that does not want to save Social Security and keep it
7 going. But we have got to be realistic too. It is going
8 broke. And that time of going broke is not too far
9 removed from right now.

10 So we can play politics with this issue all you
11 want. I have to say that some have played politics
12 everyday on this issue, thinking that they lure the
13 American people into believing that they are good and
14 everybody else is bad. No. I think it is a very honest
15 and decent thing to acknowledge that we have a problem
16 here, a big problem. It is going to blow up in our faces
17 unless we face that problem. And we are going to have to
18 face it. All of this yelling and screaming about
19 politics is not going to help.

20 I want everybody on this committee to take notice
21 that this Chairman wants to save Social Security. And I
22 think everybody on my side does, but we are not going to
23 save it if we keep the attitude of some on the other side
24 that we cannot face the economic realities that really
25 confronts Social Security.

1 It is a nice political hacking job to always bring
2 up Social Security as though one side is against it, the
3 other side is for it. That is total BS, and everybody
4 knows it. I hope people grow up around here and realize
5 that if we work together, we may very well be able to
6 resolve some of the real conflicts about Social Security
7 now, rather than wait until they are unresolvable later.

8 So what we will do is we will do the rest of this
9 markup off of the floor on the next vote. So I hope
10 everybody will show up as quickly as they can in the
11 President's Room.

12 With that, we will recess until then.

13 [Whereupon, at 10:36 a.m., the meeting was recessed,
14 reconvening Thursday, December 1, 2016, at 1:42 p.m., in
15 S-216, The President's Room, United States Capitol.]

16 The Chairman. The committee will come to order.
17 The committee meets today to continue our consideration
18 of pending nominations. I now entertain a motion that the
19 committee favorably report the nominations.

20 Senator Grassley. So moved.

21 The Chairman. First the committee will consider the
22 nomination of The Honorable Charles P. Blahous III, of
23 Maryland, to be a Member of the Board of Trustees of the
24 Federal Hospital Insurance Trust Fund, Member of the
25 Board of Trustees of the Federal Supplementary Medical

1 Insurance Trust Fund, and Member of the Board of Trustees
2 of the Federal Old-Age and Survivors Insurance Trust Fund
3 and the Federal Disability Insurance Trust Fund.

4 A recorded vote has been requested. The clerk will
5 call the roll.

6 The Clerk. Senator Grassley.

7 Senator Grassley. Aye.

8 The Clerk. Senator Crapo.

9 Senator Crapo. Aye.

10 The Clerk. Senator Roberts.

11 Senator Roberts. Aye.

12 The Clerk. Senator Enzi.

13 Senator Enzi. Aye.

14 The Clerk. Senator Cornyn.

15 Senator Cornyn. Aye.

16 The Clerk. Senator Thune.

17 Senator Thune. Aye.

18 The Clerk. Senator Burr.

19 The Chairman. Aye by proxy.

20 The Clerk. Senator Isakson.

21 The Chairman. Aye by Proxy.

22 The Clerk. Senator Portman.

23 Senator Portman. Aye.

24 The Clerk. Senator Toomey.

25 The Chairman. Aye by proxy.

1 The Clerk. Senator Coats.
2 Senator Coats. Aye.
3 The Clerk. Senator Heller.
4 Senator Heller. Aye.
5 The Clerk. Senator Scott.
6 Senator Scott. Aye.
7 The Clerk. Senator Wyden.
8 Senator Wyden. No.
9 The Clerk. Senator Schumer.
10 Senator Schumer. No.
11 The Clerk. Senator Stabenow.
12 Senator Stabenow. No.
13 The Clerk. Senator Cantwell.
14 Senator Cantwell. No.
15 The Clerk. Senator Nelson.
16 Senator Nelson. No.
17 The Clerk. Senator Menendez.
18 Senator Wyden. No by Proxy.
19 The Clerk. Senator Carper.
20 Senator Carper. No.
21 The Clerk. Senator Cardin.
22 Senator Wyden. No by Proxy.
23 The Clerk. Senator Brown.
24 Senator Brown. No.
25 The Clerk. Senator Bennet.

1 Senator Bennet. No.

2 The Clerk. Senator Casey.

3 Senator Casey. No.

4 The Clerk. Senator Warner.

5 Senator Warner. No.

6 The Clerk. Mr. Chairman.

7 The Chairman. Aye.

8 The Clerk. The tally of the members present is 11
9 ayes, 10 nays. The final tally, including proxies, is 14
10 ayes, 12 nays.

11 The Chairman. The ayes have it. The nomination of
12 The Honorable Charles P. Blahous III is favorably
13 reported.

14 The committee will now consider the nomination The
15 Honorable Robert D. Reischauer, of Maryland to be a
16 Member of the Board of Trustees of the Federal Hospital
17 Insurance Trust Fund, Member of the Board of Trustees of
18 the Federal Supplementary Medical Insurance Trust Fund,
19 and Member of the Board of Trustees of the Federal Old-
20 Age and Survivors Insurance Trust Fund and the Federal
21 Disability Insurance Trust Fund.

22 A recorded vote has been requested. The clerk will
23 call the roll.

24 The Clerk. Senator Grassley.

25 Senator Grassley. Aye.

1 The Clerk. Senator Crapo.
2 Senator Crapo. Aye.
3 The Clerk. Senator Roberts.
4 Senator Roberts. Aye.
5 The Clerk. Senator Enzi.
6 Senator Enzi. Aye.
7 The Clerk. Senator Cornyn.
8 Senator Cornyn. Aye.
9 The Clerk. Senator Thune.
10 Senator Thune. Aye.
11 The Clerk. Senator Burr.
12 The Chairman. Aye by proxy.
13 The Clerk. Senator Isakson.
14 The Chairman. Aye by Proxy.
15 The Clerk. Senator Portman.
16 Senator Portman. Aye.
17 The Clerk. Senator Toomey.
18 The Chairman. Aye by proxy.
19 The Clerk. Senator Coats.
20 Senator Coats. Aye.
21 The Clerk. Senator Heller.
22 Senator Heller. Aye.
23 The Clerk. Senator Scott.
24 Senator Scott. Aye.
25 The Clerk. Senator Wyden.

1 Senator Wyden. No.
2 The Clerk. Senator Schumer.
3 Senator Schumer. No.
4 The Clerk. Senator Stabenow.
5 Senator Stabenow. No.
6 The Clerk. Senator Cantwell.
7 Senator Cantwell. No.
8 The Clerk. Senator Nelson.
9 Senator Nelson. No.
10 The Clerk. Senator Menendez.
11 Senator Wyden. No by Proxy.
12 The Clerk. Senator Carper.
13 Senator Carper. No.
14 The Clerk. Senator Cardin.
15 Senator Wyden. No by Proxy.
16 The Clerk. Senator Brown.
17 Senator Brown. No.
18 The Clerk. Senator Bennet.
19 Senator Bennet. No.
20 The Clerk. Senator Casey.
21 Senator Casey. No.
22 The Clerk. Senator Warner.
23 Senator Warner. No.
24 The Clerk. Mr. Chairman.
25 The Chairman. Aye.

1 The Clerk. The tally of the members present is 11
2 ayes, 10 nays. The final tally, including proxies, is 14
3 ayes, 12 nays.

4 The Chairman. The ayes have it. The nomination of
5 The Honorable Robert D. Reischauer is favorably reported.

6 The meeting is adjourned.

7 [Whereupon, at 2:46 p.m., the meeting was
8 concluded.]

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From *The Washington Post*

The showdown Democrats don't need to have

By Editorial Board

The Post's View

June 14

In 1983, President Ronald Reagan and House Speaker Thomas P. “Tip” O’Neill (D-Mass.) agreed on a reform package for Social Security. Partisanship is so toxic that it’s hard to imagine today’s leaders agreeing on any issue, let alone reforming entitlements. Quite the contrary: Contemporary politicians are turning an obscure aspect of the 33-year-old Reagan-O’Neill pact into a new bone of partisan contention.

The 1983 deal created “public trustees” for Social Security and Medicare on the theory that the programs’ annual technical documents would gain credibility if reviewed by unpaid outside experts — one from each party — in addition to three Cabinet officers who also had, and still have, that duty. The current public trustees, nominated by President Obama in 2010 and approved by a Senate voice vote, are Robert Reischauer, a Democrat, and Charles Blahous, a Republican. Recently, Mr. Obama reappointed them for new four-year terms, apparently thinking this would be the path of least resistance in the Senate.

He thought wrong. On June 8, all 14 Republicans on the Senate Finance Committee voted to confirm the two men — while all 12 Democrats voted “no.” Democrat Sherrod Brown (Ohio) has said he would raise procedural obstacles to the nominations on the Senate floor.

Democrats claim that the reappointments violated an unwritten “one-term-only” rule for public trustees, or protest that the two nominees have kept their day jobs in which they opine on entitlement programs. But it’s clear their main target is Mr. Blahous, whom they denounced as a Koch Brothers-funded academic who worked on President George W. Bush’s 2005 Social Security “privatization” plan and, they say, has exploited his authority as a public trustee to agitate for cuts in Social Security on various op-ed pages.

In fact, Democrats are campaigning on those talking points in close Senate races, attacking Republican Finance Committee members for their recorded votes in favor of Mr. Blahous.

Mr. Blahous is, indeed, a conservative. He’s skeptical of Social Security and Medicare’s sustainability, as are many other reasonable people across the ideological spectrum — and as the Senate knew when it confirmed him the first time. However, there is no evidence his views have distorted the staff-written trust fund reports, which were also approved by Mr. Reischauer and three Obama Cabinet secretaries. What’s more, Mr. Blahous has told senators that a plan such as Mr. Bush’s is no longer relevant, due to Social Security’s deteriorating cash flow.

As for the “no-second-term” assertion, maybe a fresh pair of eyes should squint at the books. Of all causes Democrats might go to the barricades over, though, that’s a pretty arcane one. Mr. Obama, who is owed senatorial deference on these appointments as on others, didn’t seem to think it was that big a deal.

No doubt the GOP poisoned the atmosphere with its obstruction of Merrick Garland, Mr. Obama’s pick to replace Antonin Scalia on the Supreme Court, and other appointees. But this time, strictly speaking, the Republicans are *cooperating* with the White House.

The ultimate victim of this petty politicization will not be Mr. Blahous or, as collateral damage, Mr. Reischauer, but the perceived nonpartisanship and objectivity of key government reports — that is, the very values Senate Democrats claim to be upholding.

**Senator Stabenow Opening Statement
Social Security and Medicare Public Trustees
December 1, 2016**

While these nominations might not be the most exciting or glamorous positions that the Finance Committee takes up for consideration, there can be no question that the Social Security and Medicare Public Trustees are important roles. That is because the Public Trustees have a crucial duty of loyalty to the American people when it comes to the Social Security and Medicare trust funds. These positions were specifically established to ensure public accountability for the trustees' reports and to increase the level of confidence that the public would have in the Social Security and Medicare Trust Funds and the projections about their solvency. Indeed, one goal of these positions was to make sure that the Trustees would not all be Washington insiders and political appointees.

Unfortunately, if these nominees are confirmed for a second term, that objective will not be carried out, which is one reason why I will once again be voting no on both nominees. I have very grave concerns with confirming these nominees. That would be true even setting aside either of their merits. That is because it is almost unprecedented to confirm Social Security and Medicare Public Trustees for a second term. The specific purpose of these positions was to make sure that the public had a voice – not to create professional Social Security and Medicare Trustees who would become entrenched.

That being said, I am especially concerned about Dr. Blahous's nomination. He is someone who has supported cuts to Social Security, as well as privatization – both things I wholeheartedly oppose. Most recently, Dr. Blahous supported using the need for a reallocation of funding to the Social Security Disability Insurance Trust Fund as an opportunity to try to force cuts to Social Security benefits. Social Security Disability Insurance benefits help provide a modest monthly benefit – and peace of mind – to workers who become permanently and totally disabled through no fault of their own. This is something that can happen to any one of us at any time. He essentially argued that policymakers who want to cut Social Security should use the benefits of these disabled workers as leverage to try to push through harmful cuts. I could not disagree with that approach more.

Even more disturbing is Dr. Blahous's agenda on privatization. Dr. Blahous has a long, proud, public history of supporting privatization of Social Security. In the George W. Bush Administration, he helped develop their proposal to privatize Social Security. I completely reject the idea of privatizing Social Security and I would never support such a proposal. I think it is dangerous for someone to be a Public Trustee of a program that they essentially do not believe should exist in its current form.

Unfortunately, the Trump Administration is bringing us even more advisors and appointees who support privatizing Social Security – as well as Medicare. Donald Trump's primary

advisor on his transition team for Social Security issues is a lobbyist who has spent years advocating for privatization of Social Security, as well as harmful cuts. This lobbyist acknowledged in the past that the cuts he supported would hurt seniors, but did not seem swayed by that argument. Meanwhile, Dr. Tom Price, his nominee for Secretary of Health and Human Services, supports privatizing Medicare, and expects Republicans in Congress to move quickly on legislation to do just that next year. I look forward to the Finance Committee holding hearings on his nomination, and I hope that these issues will be thoroughly examined in that process.

With these dangerous proposals are being pushed at the expense of seniors, people with disabilities, surviving spouses, and children, I am even more convinced that I cannot support a second term as Social Security and Medicare Public Trustee for someone who shares these views and will use this position to push his agenda. We need new Public Trustees – as the creators of the position envisioned – who will bring a fresh perspective and who will improve the public’s confidence in these programs. Both Social Security and Medicare are great American success stories, and are systems that millions of Americans have contributed to, and count on.

For all these reasons, I have no choice but to again vote no on these nominees.