

**AMENDMENTS TO  
THE SOCIAL SECURITY ACT  
1981**

---

**RESTORATION OF MINIMUM  
BENEFIT AND OTHER  
CHANGES**

H.R. 4331  
PUBLIC LAW 97-123 — 97TH CONGRESS

---

**AMENDMENTS TO  
THE SOCIAL SECURITY ACT  
1981**

---

**RESTORATION OF MINIMUM  
BENEFIT AND OTHER  
CHANGES**

H.R. 4331  
PUBLIC LAW 97-123 — 97TH CONGRESS

---

**BILL, DEBATES,  
AND ACT**

## **PREFACE**

This one-volume compilation contains historical documents pertaining to P.L. 97-123, the Restoration of Minimum Benefit and Other Changes, amending the Social Security Act. The book contains congressional debate, a chronological compilation of documents pertinent to the legislative history of the public law and listings of relevant reference materials.

Pertinent documents include:

- Differing versions of key bills
- The Public Law
- Legislative history

The books are prepared by the Office of Legislative and Regulatory Policy, Legislative Reference Office, and are designed to serve as helpful resource tools for those charged with interpreting laws administered by the Social Security Administration.

Elliot A. Kirschbaum, Director  
Office of Legislative  
and Regulatory Policy

## TABLE OF CONTENTS

### Restoration of Minimum Benefit and Other Changes—P.L. 97-123 (H.R. 4331)

#### I. Considered and Passed House

A. House Debate—Congressional Record—*July 31, 1981*

B. House-passed Bill

H.R. 4331 (As Referred to the Senate)—*July 31, 1981*

#### II. Considered and Passed Senate

A. Senate Debate—Congressional Record—*July 31, and October 14-15, 1981*

B. Senate-passed Bill

H.R. 4331 (amended)—*October 15, 1981*

#### III. House and Senate Conference (reconciling the differences between the two Houses)

A. House Appointed Conferees—Congressional Record—*November 4, 1981*

B. Senate Appointed Conferees—Congressional Record—*November 4, 1981*

C. Conference Report Filed

House Report No. 97-409—*December 14, 1981*

D. Senate Agreed to Conference Report—Congressional Record—*December 15, 1981*

E. House Agreed to Conference Report—Congressional Record—*December 16, 1981*

#### IV. Public Law

A. P.L. 97-123—97th Congress—Signed *December 29, 1981*

B. President's Signing Statement—*December 29, 1981*

C. Restoration of Certain Minimum Benefits and Other OASDI Program Changes:  
Legislative History and Summary of Provisions—Reprint from Social Security  
Bulletin—*March 1982*

#### *Listing of Reference Materials*

*NOTE: No House or Senate Committee Reports filed on this bill*





PARLIAMENTARY INQUIRY

Mr. VENTO. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. FRANK). The gentleman will state it.

Mr. VENTO. Mr. Speaker, I inquire of the Chair whether the papers of the reconciliation package, H.R. 3982, are in the possession of the House.

The SPEAKER pro tempore. Yes, they are.

Mr. VENTO. Mr. Speaker, I would further inquire, is it customary for these papers to remain in the possession of the House at the conclusion of a conference committee, and in this instance, were they retained at the conclusion of the conference committee, or were they more recently delivered to the House?

The SPEAKER pro tempore. Yes, the Chair would say to the gentleman, it is customary for the papers to be transferred to the House which agree to the conference—and is to act first on the report—at the conclusion of a successful conference.

Mr. VENTO. In this case, Mr. Speaker, were the papers retained by the House conferees on the matter of the reconciliation conference?

The SPEAKER pro tempore. Evidently not, because they were brought back to the House this morning at about 9:15 by a messenger from the other body.

Mr. VENTO. Mr. Speaker, in other words, this violated one of the tenets that we have in terms of consideration.

I thank the Chair.

The SPEAKER pro tempore. The Chair would advise the gentleman that this deviated from custom but did not especially violate the rules of the House.

Mr. BOLLING. Mr. Speaker, pursuant to the provisions of House Resolution 203, I call up the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, and ask for its immediate consideration.

The Clerk read the bill, as follows:

H.R. 4331

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) effective as of the date of the enactment of the Omnibus Budget Reconciliation Act of 1981, section 2201 of that Act (relating to repeal of minimum benefit provisions) is repealed.*

*(b) Subject to section 2 of this Act, the provisions of the Social Security Act affected by the provisions of such section 2201 shall be in effect as of date of the enactment of the Omnibus Budget Reconciliation Act of 1981 as such provisions would be in effect if such section 2201 had not been enacted.*

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. BOLLING) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. MICHEL) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Missouri (Mr. BOLLING).

Mr. BOLLING. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I do not know how much of the time we have on this bill is going to be taken up. This is, it seems to me, one of the most important issues that the Congress is going to deal with. This Congress in its two sessions is not going to have a more important issue than the issue of social security. I think it is very, very important for all who are directly involved in the legislative process to understand that this is one issue on which the Rules Committee is going to take a very special interest.

That is so because the Rules Committee is, really—despite its overwhelming Democratic majority—rather successfully representative of all the interests in the House.

I would urge Members to take a look at the list of the Members on both the Democratic side and the Republican side, and they will see that those Members pretty generally cover the views of a very large segment of the institution.

We have two very different points of view at war in this Government on the subject of social security. I suppose that both of them are legitimate. But fundamentally, there are those who feel that there should not be a social security system, that there should be some kind of means tested welfare

program which might be called social security. But there is a fundamental difference between a social insurance program that guarantees to its members that as they contribute and as they are blanketed in, they have a right under a social compact.

□ 1200

That I believe is the early theory of social security.

Now it is perfectly legitimate for people whose predecessors fought against the social security system in the thirties to say today that the social security system should be different, that it should be and is in effect a need-oriented program, purely and simply.

I do not have any objection to that argument. It is here. It is with us. But it is terribly important that the people of the country begin to look at that argument and the meaning of the different points of view.

I very strongly hold to the notion that I described as a social security system, a social insurance compact, not means tested, except in a very, very limited degree, but designed to be sensible, fair and contributory.

I want to serve notice on everybody in the institution—and I have never done this before—that the Rules Committee and its chairman are going to be involved in the legislative process on this. There is not going to be any more of blanketing this issue into general legislation.

Those of my colleagues who do not understand what that means should consult with those who are experts in procedure because it is going to be very difficult to consider the necessary package to cure the problems of the social security system without having a rule on the bill that does it.

I happen to believe that there are problems in the system, short-range problems and long-range problems. I happen to believe that we have to arrive at legitimate, fair compromises to achieve the desired result, and those compromises range all the way from making up the deficit from the general fund to drastically curtailing benefits already committed.

I just want to give the shape of the distance that there is between the sides and to assure the Members on both sides that the Rules Committee is going to attempt to see to it that this matter is dealt with fairly as to the different points of view, and fundamentally fairly to the weakest in this land who could easily be the victims of changes, well intentioned perhaps, but unwise.

That is the only reason that we went through this exercise is to make it very, very clear that there is going to be no cute play on this matter. It is going to be dealt with very carefully, with due consideration for the system that the House provides, a system of committees, broken down into subcommittees, that the legislative process is going to be honored in every way, and

it is going to be honored in all of its details. And one of those details gives to the Rules Committee a particular function and the Rules Committee is going to exercise that function in this particular matter with a great deal of care. That is not a threat. It is not a promise. It is a statement of fact.

The SPEAKER. The gentleman from Illinois (Mr. MICHEL) is recognized for 30 minutes.

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, here we are again on this very sensitive issue of social security. I must confess that I have not exactly been beseeched for requests on my side to speak in opposition to what the thrust of this bill is here today.

But recognizing the responsibility for what it is, I should like to make a few observations, then yield to those Members who similarly would like to express themselves.

It might surprise some Members of this body to learn that this Member, as outspoken as he has been on this and other issues when he was a junior Congressman, was one of the original sponsors of legislation to tie social security benefits to the cost-of-living index three Congresses before we actually adopted it, because I was so sick and tired of the bidding war that went on between parties on who was going to vote the biggest increase in any given year.

Incidentally, regarding the cost-of-living index, it takes us about 6 or 7 years to devise revisions of that index. It rankles me no end that it takes so long. By the time we get the index revised to reflect new figures, they are already obsolete. But those are the facts of life. But as I said, Mel Laird, Jack Betts, who used to serve on our Ways and Means Committee, and I had talked about tying the social security system to the cost-of-living index for some time, so I do not come to the well of the House today as one insensitive to the social security problem and the need to keep it solvent so that people will continue to receive the benefits to which they are entitled.

I must confess that in those earlier days, we had never dreamed there would be the type of double digit inflation we have experienced during the past few years. I would be the first to admit today that in view of recent trends, the existing cost-of-living index now somewhat inaccurately measures the actual cost of living for most of those over 65. The housing and medical components in particular produce distortions that should be corrected.

But be that as it may, I would like to address myself now to the particular issue of minimum benefits, what is involved, and why we think there can be some modification in what is contained in reconciliation.

We have until March 1 of next year in which we can act affirmatively to redress any grievances that we feel ought to be addressed.

Now, as my colleagues know, the minimum benefit involves roughly 3 million of our people. However, 1 million of those are only technical beneficiaries of the minimum benefit who are actually receiving today much more than the minimum, and we ought to understand that. Their benefits would not change one dime if we eliminate the minimum benefit requirement.

We have an additional 450,000 people who are currently receiving benefits from a Federal retirement system, one of the most lucrative in the country, as well as the minimum benefit. These are not needy people with no other place to go.

Fifty thousand more have retired spouses receiving benefits from the Federal retirement system as well as the minimum benefit.

Thirty thousand other recipients have working spouses earning an average of \$21,000 annually.

Still another 200,000 are receiving an amount equal to the minimum benefit as a result of what they have paid into social security, so their monthly check would not change one dime.

And that is why the President comes down quite hard, to try to make the differentiation between those who actually earned a benefit as distinguished from those who have not earned it, but simply got blanketed in through the minimum provision.

In my judgment, we ought not to have that drag on the trust fund. We ought to take care of the needy through other programs, such as SSI, even if these programs have to be modified to make sure no one falls through the cracks.

Continuing with the breakdown of minimum benefit recipients, there are 500,000 recipients receiving supplemental security income benefits as well as the minimum, and the way the SSI benefits are figured their SSI checks would increase to make up for what they lose from minimum benefits. In other words, their monthly checks would not change one dime.

The key difference here is that the flat minimum benefit under the Social Security Act is, as I said, a real drag on the trust fund, while the benefits from SSI are drawn from the Internal Revenue.

□ 1210

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. MICHEL. Mr. Speaker, I yield myself 5 additional minutes.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, the point I would like to make, and I appreciate the gentleman's sentiment and his ef-

forts to improve this system over the years, and commend him for it; I think the cost-of-living-increase benefit that was put in, while a costly provision, was an equitable one, and I think he has been a leader on the other side of the aisle in terms of the issue on that basis.

I would like to point out that the minimum benefit has been with this system for as long as it has existed. It started out at \$10 in the late 1930's. The fact of the matter is that if we look at the benefits, whether they are earned or not earned, I submit to the gentleman that many aspects of the social security program are engaged in so far as like an insurance benefit. I think that is the context in which we ought to look at the minimum.

I think the gentleman is fully aware that there is a freeze starting in 1979 on that minimum in which to calculate benefits. That was a responsible thing that we had.

I appreciate the gentleman yielding and appreciate his comments on that subject.

Mr. MICHEL. Let me just go on to say on that point that many beneficiaries, if we do not change the rules, will be eligible for benefits in 1982 at age 65 who paid in less than \$68 in lifetime social security taxes, an amount that they can recoup, mind you, in only 12 days. I have found, in talking to workers in my district—and I have a highly unionized constituency in Peoria—that they are rather incensed over the fact that those people who contributed into the trust fund over a long period of years and actually earned that income, are being somewhat jeopardized by those who contributed so little; as a matter of fact, practically nothing.

So, this is the kind of thing I would like to change and adjust, and do it in a manner, hopefully, in which we will not do violence to anyone who actually has no other place to turn for some minimum benefit.

I would like to say too that on the average a husband and wife getting an initial minimum benefit in 1982 would be paid more than \$100,000 during their retirement thereafter, taking the actuarial figures into account from the social security trust funds, which is about 300 times what they paid in. Obviously, that kind of benefit would not have been earned.

Incidentally did you know that 35,000 social security minimum beneficiaries live outside the United States.

And finally, there are 200,000 others who are adult students or the minor children of those receiving Federal pensions, whose need for the minimum benefit has to come under question.

These people account for 2.7 million of the 3 million.

Now if my arithmetic is still good, that leaves 300,000 recipients with a real problem.

It is in this category where the question of need may be most legitimate. It

is at this juncture where we must decide whether it is prudent to restore the entire minimum benefit provisions or find some other means of meeting the needs of those in this category.

We are talking about people who may not qualify for supplemental security income benefits because they have cash or liquid resources in excess of \$1,500 or \$2,250 for a couple.

It could be argued that even though these individuals may have assets of this size, and do not qualify for SSI, that they still have legitimate need for Federal assistance. I would not argue that point.

I am inclined to think that the means test for SSI eligibility is too stringent. After all, it was established back in 1972. The economy has changed since then.

Congress has done nothing to upgrade the means test, despite massive increases in the cost of living. Adjusting the cash assets level would be one way of making sure minimum benefit recipients do not slip through the cracks.

It would be far wiser and far more prudent to provide an additional \$100 million or so in this regard than it would to dump \$7 billion back into the minimum benefit provisions of the Social Security Act.

It should be noted here that the value of one's house does not count in determining SSI eligibility. A person could own a \$200,000 house fully paid for, and still be eligible for SSI. So let nobody claim that the elderly will be forced to sell their homes.

A person can own an automobile valued up to \$4,500, and household furnishing worth up to \$2,000, and still be eligible for SSI.

I should also point out that the reconciliation conference report contains special language making minimum benefit recipients between ages 60 and 64 eligible for SSI. Under current law, you have to be age 65 before being eligible. This will help to prevent people in this age group from falling through the cracks.

Mr. PASHAYAN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from California.

Mr. PASHAYAN. Mr. Speaker, I applaud the gentleman, who for so many years has shown leadership in this difficult area, and of course I stand with him on his position.

I think, if I understand what the gentleman is saying, to tie it with the words coming from the gentleman who is the chairman of the Rules Committee, the unearned benefit is repugnant to the idea of an insurance fund, and you cannot have an insurance fund that benefits in the same manner and same amount people who do not pay in proportion. That is not consistent with the idea of an insurance fund, and it seems consistent with the idea of an insurance fund the efforts of the gentleman in the well, in

fact, to remove the minimum payments from those people who in fact do not contribute in terms of premiums to the insurance fund. So, I think what the gentleman in the well is saying is perfectly consistent with the chairman of the Rules Committee's notion of an insurance fund.

Mr. MICHEL. I appreciate the gentleman's contribution.

Ms. OAKAR. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Ohio.

Ms. OAKAR. Mr. Speaker, if the gentleman uses that philosophy of earned right, does he realize that he is going to cut out many, many women who are eligible for social security because of the dependent spouse benefit, because they felt that having an option, as we want all women to have, to be a homemaker, raise children, going in and out of the labor force to raise children and so forth, that their economic contribution to a marriage was to be a good mother, if the gentleman uses that philosophy, then I want to tell him as of now that he is cutting out about 30 percent of the future and current recipients.

I really think that is very, very serious, and I think women ought to be very concerned. Some of us want to correct the inequities that occurred for married women who do work, who paid into the system, and indeed are entitled to a better benefit. That is another issue, but is not marriage an economic partnership also? Is the gentleman really saying—and I hope he is not—that he feels that anyone who has not contributed, even if the spouse contributed, that they should not get social security benefits?

The SPEAKER pro tempore. The time of the gentleman from Illinois has again expired.

Mr. MICHEL. Mr. Speaker, I yield myself 2 additional minutes.

I have noted the gentleman's remarks from time to time, and I am not sure it is only confined to women, but I think we are in an area now where we are recognizing even in the Social Security Act and beyond, the equality of women.

Ms. OAKAR. I am not speaking of the equality of women.

Mr. MICHEL. I want to say that again we have an option to deal with this issue prospectively. We could, for example, grandfather in those that are currently in, and talk about the future, but not lock ourselves in so solidly today that we have got no place to turn. My feeling is that those members who serve on the Subcommittee on Social Security Revision, whether they are on the gentleman's side or on our side, ought not to be deprived of the leeway necessary to put together a good package. Chances are, when that package comes forward this gentleman is going to be supporting it, but I do not want to see those efforts really inhibited by some precipitous action today simply because we are

pliqued that we did not get our way one way or another in this overall omnibus reconciliation package.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Speaker, Members of the House, I think we will all agree that perhaps the cruelest thing that an adult can do is to deceive a child, to make him a promise you do not intend to keep; shaking the confidence that he reposes in his elders.

I would say it is comparable in wrong to make a promise we do not expect to be kept to the elderly of this country who are involved in this matter we discuss today, over two-thirds of whom are above 70 years of age, over half a million of whom are above 80 years of age, many of whom are above 90 years of age, and some above 100 years of age.

They want to know, as they are sitting, many of them, in their loneliness and listening to the telecast of what we say or reading the press tomorrow reporting on what we have done, what did we mean by what we did? Are we in good faith today in voting a resolution, not expressing the sentiment of the Congress, but legislating as a part of the constitutional legislative process of America, repudiating a part of the reconciliation resolution which will soon be adopted, denying to 3,100,000 elderly Americans the minimum social security benefit they now receive?

There were many of us who were very much indisposed to follow the leadership of the distinguished chairman of the Rules Committee because we knew that he too had to move against his conscience to do what he thought was the honorable thing for us to observe, an agreement made in respect to this reconciliation resolution by the leadership of both of our parties.

□ 1220

We agreed in the Rules Committee yesterday that we would support that leadership and would not attempt to bring out a rule that would allow the amendment of the reconciliation resolution to strike out the prohibition against the receipt of these minimum social security benefits by the elderly of America. But we chose to follow the alternative route that was so ably presented here by our distinguished chairman of the Rules Committee to have a separate resolution of legislative meaning and purport, casting the vote of this House, the people's House, that we were adamantly opposed—and, I believe, by a big majority vote—to the inclusion in the law of the feature of the reconciliation resolution that would otherwise make a prohibition against these people receiving this minimum benefit after March 1 of next year.

Now, the question is what is going to happen in the other body. Are we really meaning that we are expecting

the other body to concur with us in this important matter, or is this a ploy?

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. Is this a ploy to deceive the elderly of America, that the House of Representatives is going to pass it but with the understanding that the Senate will put it by and, as one Member said, let it pend and pend and pend?

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. So I ask the distinguished minority leader, will the faith of his President and the faith of his party, if this House today adopts this resolution today, be behind the affirmative action of the Senate on this resolution, are they in concurrence with what we do?

Mr. MICHEL. Mr. Speaker, if the gentleman will yield, of course, the gentleman, who once served over in the other body with such distinction, knows that there are Members over there, I am sure, who are just as sensitive as he is about this particular issue, and I would suspect, while they may not be in a position, because of the urgency of the time today and the weekend, to resolve the issue, they know that this is a vehicle for what I expect to be some significant change or adjustment in social security programs, whether it is short range or long range or in one part or another.

I am confident that the bill simply is not going to be languishing over there with no action whatsoever, because there will be the same pressure over there to which the gentleman is referring.

Mr. PEPPER. Mr. Speaker, the Aging Committee this morning, on the motion of the ranking minority member, Mr. RINALDO, unanimously got adopted a resolution that the whole Aging Committee of both parties supported this resolution and called upon the President and the leadership of the Senate to support the pending resolution. I would hope that the minority leadership in this House would do the same thing. Let us support this meaningful resolution pending and call upon our colleagues in the other body to concur with us and the overwhelmingly sentiment of the people of the country.

The SPEAKER pro tempore. The time of the gentleman from Florida (Mr. PEPPER) has expired.

Mr. PEPPER. Mr. Speaker, may I ask the gentleman from Missouri (Mr. BOLLING) if he will yield me 1 more minute?

Mr. BOLLING. Mr. Speaker, I regret to say to my friend, the gentleman from Florida (Mr. PEPPER), that I have no more time to yield.

Mr. MICHEL. Mr. Speaker, I yield 4 minutes to the gentleman from Florida (Mr. YOUNG).

(Mr. YOUNG of Florida asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Florida. Mr. Speaker, I have the privilege of representing a county in Florida that has 250,000 people who get social security checks every month. I have to say in their behalf that we appreciate the fact that Congress and the administration are taking a very close look at the problems of the system. It is essential that we discuss the problems of the system and what we are going to do, not only to protect those who are presently receiving social security but also to protect those who are going to receive social security in the future.

We appreciate the fact that the President of the United States has called attention to the problems in the system because they are many. As we listen to the debate of our leader, the gentleman from Illinois (Mr. MICHEL), we know the information he presents is accurate. Of course we also know that there are a lot of arguments in this matter which need airing. There are obviously people in the system who have not earned their benefits. We know that. There are others who actually have no real need for their social security checks. But Mr. Speaker, let me speak to say for the millions of Americans who need their social security and who have earned them.

I want to focus my comments today on the thought presented by the gentleman from Missouri (Mr. BOLLING) when he talked about the need to approach social security in a sound, businesslike fashion, not haphazardly, not as part of some reconciliation bill, not as an amendment to some other bill, but to approach the entire problem, on its own, in a very realistic way. I can say this to all of my colleagues on both sides of the aisle, that if we do not do that, if we choose to do a little today and a little tomorrow and we drop a few hints here and there, or there is a little speculation, we frighten people.

Some of those 250,000 in my area who receive social security checks came to my area from your areas. They are your constituents as well as mine, and I think we have an obligation to them.

We have an obligation to the 90-year-old lady I talked to last week who is not going to lose anything under any of the plans we talk about today, but she fears that she is. She does not understand the things we are talking about. She thinks that many of these cuts have already taken place, although they have not.

The point is that if we do not do this right, if we do not do it as spelled out by the chairman of the Rules Committee in a realistic fashion, we are going to scare people to death, and they deserve better than that.

Now, consider this 90-year-old lady who came to my district from one of your districts and who has no family; she is by herself. She fears for her life.

And because of the way the social security has been handled, she is not sure whether she is going to get that social security check at the end of the month or not. We cannot do that to her; she deserves better than that. She is representative of many people who live today and survive today only because of their social security checks.

So I say to the gentleman from Missouri (Mr. BOLLING), let us do what he said. Let us approach this problem of social security in a realistic way. Let us not frighten the people with a lot of speculation and a lot of possibilities. Let us get down to business and solve the problems, not in a haphazard fashion, and not as a rider or amendment buried in some other legislative vehicle that might be working its way through Congress.

Mr. Speaker, this is a serious matter. Those who do not work on a day-to-day basis with these older Americans who in fact are surviving because they have a social security income, cannot realize the panic that goes through some of their minds when they read a headline story that says social security is going bankrupt or that social security programs are going to be cut and they might not get their checks.

That is just not going to happen. I know that Congress is not going to let it happen, and so do you. I know the President is not going to let that happen, and so do you.

So, Mr. Speaker, I say to the Members, let us approach this issue in a responsible way and quit scaring the older people of America.

Now, Mr. Speaker, let me comment on the bill before us, a bill presented here to undo the piecemeal tampering with social security which occurs in the reconciliation bill.

Mr. Speaker, the action we are about to take will not only maintain the minimum social security benefits for 3 million Americans, more importantly, it will allow a great many senior citizens to maintain a sense of pride and dignity.

As the representative of more than 250,000 social security recipients, I know how proud these men and women who built our Nation through their hard work are to now be able to retire and receive a monthly return on the money they contributed to social security throughout their long years of work. It has been said many times in the past few weeks that the recipients of the minimum social security benefit are receiving unearned benefits, because for some reason they were not able to work enough years to collect a full share.

It has also been said that these men and women who will lose their minimum benefit will be able to make up the loss through supplemental security income, a Federal welfare program for the needy. However, Mr. Speaker, although financially these people will be receiving the same amount of money, there is a very great

difference in the actual checks they will receive.

The green social security checks are a symbol of income retired workers earned through years of labor, while the gold-colored welfare checks are a symbol of an unearned Government handout.

Mr. Speaker, the social security recipients of our Nation each month proudly take to the bank their green checks—the symbol of hard work. It would be a serious blow to the dignity of those recipients who would be forced to go on the rolls of welfare to receive the same monetary benefits.

Statistics I have obtained from the Social Security Subcommittee show just how proud these older Americans are. More than 500,000 recipients of the minimum benefit are now eligible for supplemental security income because the benefits they receive are still too low to make ends meet. However, Mr. Speaker, they have been too proud to apply for supplemental security income because they do not want to spend the remaining years of their lives on welfare.

It would be unfair for us to eliminate the minimum benefit and force these 500,000 people, many in their seventies, eighties, and nineties to swallow their pride and spend the remaining years of their lives on the welfare rolls.

The action we take today, Mr. Speaker, will allow a great many older Americans to live out their final years with dignity and there is no dollar figure we can ever put on that.

And again, Mr. Speaker, to everyone involved in the great debate on social security, let us be responsible in how we approach the issue, let us not create fear and panic in the hearts of many Americans, let us not approach this great issue in a haphazard fashion as an afterthought to some other bill. Let us resolve this matter in a responsible way that will bring credit to this Congress and a feeling of security for our older friends and neighbors.

Mr. NELSON. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Florida.

(Mr. NELSON asked and was given permission to revise and extend his remarks.)

Mr. NELSON. Mr. Speaker, I want to thank the gentleman from Florida (Mr. Young) for his comments. I concur with the gentleman and associate myself with his comments. Mr. Speaker, I rise in support of the bill.

I support the bill to preserve the \$122 minimum monthly social security benefit. This proposal is a vehicle to express the overwhelming support in the House to the Senate. The Senate should listen to this mandate and act accordingly.

This bill is made necessary because the budget reconciliation bill backed by President Reagan, included the President's request for elimination of



this minimum monthly benefit. At the time of consideration of the budget, the gentleman from Oklahoma (Mr. Jones), the chairman of the Budget Committee, had requested the opportunity to offer an amendment that would have restored the \$122 minimum monthly benefit. I supported Mr. Jones' request, but it failed by a razor-thin margin of 212 to 215.

The overall budget reconciliation bill which cut \$44-billion of Federal spending and which I supported, contained some spending cuts with which I did not agree—the \$122 minimum monthly benefit being one of the items. Therefore, I am grateful to the gentleman from Missouri (Mr. BOLLING) for offering this bill in order to let the House express again its opposition to this social security cut.

This cut recommended by the administration would affect 3 million elderly Americans—1.8 million who are poor senior citizens, and rely on this monthly \$122 check for bare subsistence. It is unfair to cut those less fortunate in our society.

I strongly urge adoption of this legislation.

Mr. BOLLING. Mr. Speaker, I yield myself 1 minute.

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from New York.

(Mr. BIAGGI asked and was given permission to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, I rise to lend my support of the pending bill which as I understand would restore the minimum benefit payment under social security for an estimated 3.1 million elderly for whom it will expire on February 28, 1982.

I not only urge my colleagues here to pass this bill today but more importantly, I consider it incumbent on the Senate of the United States to also move expeditiously on final passage. Indications are that the Senate may be inclined to have the legislation languish in the Finance Committee. I contend that an indication of support from the President would motivate the Senate to act with equal dispatch on this proposal.

What is at stake here—is the economic security of over 3 million elderly Americans. If we fail to act expeditiously and approve this bill, we will have the unfortunate place in history of being the first session of Congress to ever have approved a reduction in social security benefits for existing recipients.

I contend that the suffering, in human terms, will far outweigh any cost savings which might be achieved in eliminating the minimum social security benefit. The administration, in proposing this elimination on top of massive budget cuts in this and other programs of direct help to the poor elderly, has shown that its economic policies are clearly more callous than compassionate.

It is outrageous that approval of elimination of the minimum benefit was done without regard for the impact of this elimination on those individuals who depend on this as their sole or primary source of income. I did not support this elimination and opposed it every step of the way, including my opposition to the so-called Gramm-Latta I and Gramm-Latta II budget proposals authored by the administration.

What will happen to these people after February 28 if this minimum benefit is eliminated? Certainly a fair number of beneficiaries can be transferred to SSI, but clearly not all of them can. A U.S. General Accounting Office survey of minimum benefit recipients could not account for other sources of 26 percent of beneficiaries. This means that as many as 750,000 poor, older Americans could lose their minimum benefit on February 28 with no alternative source of income.

As one who voted consistently against the Reagan budget proposals, including the reconciliation bill which contains the elimination of the minimum benefit, I fervently hope that Congress will see the error of its way and restore these vital benefits. To do anything less will make us accomplices to one of the most grievous injustices ever perpetrated against the elderly of this Nation.

I urge my colleagues to join with me in support of this legislation before us and provide 3 million Americans who rely upon this minimum benefit the guarantee that they deserve—that we will not take away from them that which they worked so hard, so long to earn.

Mr. CORRADA. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Puerto Rico.

(Mr. CORRADA asked and was given permission to revise and extend his remarks.)

Mr. CORRADA. Mr. Speaker, I rise in support of H.R. 4331, a bill introduced by Mr. BOLLING to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

If passed, this bill will repeal section 2201 of the Budget Reconciliation Act of 1981 which repeals the minimum benefit provisions of the Social Security Act, thus restoring those provisions to the law.

Mr. Speaker, this bill will correct a great injustice that would otherwise be perpetrated against more than 2 million of our elderly, disabled, blind, widows, and other social security beneficiaries who are now receiving the minimum benefit payments of \$122 per month.

In Puerto Rico there are more than 100,000 social security pensioners who receive the minimum benefit payments whose pensions would be severely and drastically reduced if this bill is not enacted. In the case of Puerto Rico, the elimination of the

monthly minimum payments of the social security programs would be even more severe than in the 50 States simply because these pensioners in Puerto Rico will not be able to avail themselves of benefits under the supplemental security income program (SSI) because the SSI benefits have not been extended to the residents of Puerto Rico.

Puerto Rico is subject to the payment of social security taxes and our employers and employees contribute to the social security fund with their payroll deductions and the payments of these taxes since the year 1951.

Many of our pensioners, because we did not come within this program until 1951 have made contributions that only allow them to receive the minimum benefits, and others have made contributions that allow them to be eligible only for the minimum benefits because their wages and salaries were below Federal minimum wages for many years. Consequently, I fully support H.R. 4331 so that we can restore the minimum benefit payments under the Social Security Act to more than 2 million Americans in the United States mainland and more than 100,000 Puerto Ricans, who as American citizens, should be entitled to these benefits. I urge my colleagues to pass this bill today.

Mr. MICHEL. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. GRAMM).

Mr. GRAMM. Mr. Speaker, I thank the gentleman for yielding me this time.

I would like today to talk about minimum benefits and about what we did in reconciliation and why it is important. I am not trying to change anybody's mind. I know that virtually everybody is going to vote for this legislation. I am going to vote against it. But what I am trying to do here today is clarify the issue.

I think it is important to note what the minimum benefit is, where it came from, and what it represents. In 1939 we established the minimum benefit at \$10 a month. The idea was that a lot of people had a long work history before we ever set up social security, and that we would pay them a minimum benefit if they paid anything into social security.

In 1974 we set up SSI, and SSI was aimed at providing supplemental income to people who were needy. At that point the logic of the minimum benefit was really eliminated for two reasons. No. 1, there were very few people working who had significant participation in the labor market prior to 1939; and, second, anybody who met a needs test and an assets test, which excluded things like the value of one's house, the value of one's car, and a reasonable amount of savings and insurance, could qualify for SSI. Today anybody meeting the criteria of SSI receives almost three times as much as they do from minimum benefits.

We hear a lot of people talk about the poor widow who is going to lose minimum benefits as a result of the action taken by the committee. We hear talk about 3 million needy people being terminated. I do not believe I am going to change anybody's mind, but I would like to have as part of the record what the facts are, and here, to the best of my ability to determine the facts, is what we are talking about.

□ 1230

According to the General Accounting Office there are 3 million people who are drawing minimum benefits, part of it earned, part of it unearned. The average minimum beneficiary is due \$62 a month from what they paid into social security, \$60 less per month than the \$122 minimum benefit.

Four hundred and fifty thousand people drawing the minimum benefit have an average Federal retirement pension which exceeds \$16,000 a year. These are people that worked a few quarters under social security and are now drawing a minimum benefit in addition to their Federal retirement program.

The budget reconciliation would not deny them a dime that they have earned, but it would deny them a supplemental payment which they are not entitled to, which they did not earn, and which by any needs test they do not need.

Another 50,000 people on the social security minimum benefit have retired spouses that draw pensions exceeding an average of \$18,500 a year. They will continue to draw the benefits that they are due based on the amount they paid in.

Three hundred thousand people drawing the minimum benefit today have spouses that have an average annual income which exceeds \$21,100 a year. The reconciliation bill would not deny them a dime they are due from social security, but it will eliminate an unearned supplemental payment.

In total, we are talking about 800,000 people whose unearned supplements in the form of minimum benefits will be terminated under this amendment. An additional one million people will be unaffected who now draw the minimum benefits, because under the spouse rule they get the minimum benefit, plus a supplemental social security benefit, bringing them to half their spouses' earnings. The supplement will go up as the minimum goes down, and they will be unaffected.

What frightens me here today, Mr. Speaker, is, not that we are talking about cutting benefits to needy people. We have clearly targeted a reduction in unearned benefits to people who do not meet the needs test of the SSI and who have not earned the benefits they are paid. The President has committed to set up a special procedure to be sure nobody falls through the cracks, to be sure that we can monitor the transition for the people

who will qualify for SSI. What frightens me here is that we cannot deal rationally with this issue—one that affects the financial viability of the social security system—because it is so emotional. That, I think, is a real indictment of the democratic process and of this body.

I thank the gentleman for yielding.

Mr. BOLLING. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Texas (Mr. PICKLE).

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, if the debate we are having today, which is emotional, somewhat factual, and considerably political, is any portent of the difficulties we will have in trying to forge a social security reform bill best for the American people, then I say it is a cause for melancholy, particularly for those on the subcommittee which must produce some kind of a bill that will be fair.

The bill before us now does not address what should happen regarding those coming on the minimum benefit roll in the future—as my subcommittee has done previously and done unanimously.

Yesterday I introduced legislation to restore the original subcommittee position on the minimum benefit. I will continue to urge that position. I seek the cooperation of the Members of this House and ask them to cosponsor it with me.

The basic problem here is that the committee process has been abrogated. It was abrogated in the passage of Gramm-Latta II, and it is further circumvented here today. It is untimely procedure and in many ways, Mr. Chairman, this is a House out of order.

Yet I recognize that this action today is an expected way for Members to protest again the minimum benefit cut. In all likelihood, the fact is that when all of this is over it will still be up to the committee to follow through and settle the issue, both for the past and for the future.

The retrospective elimination of the minimum benefit is an abomination. It was a grievous error and it ought to be corrected. But more than repeated votes, accompanied by much noise and clamor, the elderly of this land need calm and steady hands tending to the overall problem of the social security system.

In social security it is so important that we do the right thing, not just what makes us feel righteous.

I know in the view of the political pundits social security may be the main thing going for Members of Congress, but social security is the main thing some of our elderly people have going for them as well, and that is far more important.

I implore the Members to keep this in mind as we address this and other social security issues in the weeks ahead. It is important to try to think

of what is best for our elderly citizens and not what we want with respect to any particular amendment.

Mr. BAILEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Pennsylvania.

Mr. BAILEY of Pennsylvania. I thank the gentleman for yielding.

There are two points I think important to correct in this debate. There may be some misimpressions.

One is SSI is clearly a welfare benefit. Second, there is a mistaken impression that people receiving, current recipients of the minimum benefit somehow receive in terms of a relationship between pay-in and pay-out more compared to those people who are not minimum benefit recipients, who also during the life of the system, in fact practically everyone on the system received more in benefits than they paid in, in taxes, over the life of their receiving benefits.

I would like to read just one thing briefly from the social security bulletin:

The dreaded stigma associated with dependence on welfare does not seem to have been eliminated by the switch from State-administered programs to SSI. Nonparticipants were more consistently likely to report that they will never accept welfare.

There will not be a proper replacement for those people currently on minimum benefits that need that to live, and that is an important point.

Mr. PICKLE. The gentleman is correct. There are over 500,000 or 600,000 people that we know will not apply for SSI, and we know it, and it would be cruel to assume they will.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from New York (Mr. CONABLE).

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. I agree with much the gentleman in the well said. It is important that we preserve the role of the House in needed reforms for social security. Nobody is more convinced of the need for reform, I know, than the gentleman in the well.

It is ironic, then, that passage of trio retreat on the speedier phase-down of the social security minimum will give the Senate a vehicle to which major reform of the system can be attached, with the result that once again the people's branch may lose an initiative on which the people depend for the short and long term solving of the system. I pledge my best efforts for real reform of social security. This separate vote on the minimum works against such reform, substantively, procedurally and politically.

Mr. BOLLING. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. WEISS).

(Mr. WEISS asked and was given permission to revise and extend his remarks.)



Mr. WEISS. I thank my distinguished colleague for yielding.

I wholeheartedly support this effort to restore the social security minimum benefits.

I want to commend and compliment the distinguished chairman of the Rules Committee for the statement that he made at the opening of this debate. I hope that in the future he will follow the same line of thinking and the same course of action when it comes not just to social security but to all other legislation such as those hundreds of measures which have been rolled into one bill in the course of this reconciliation process.

The basic mistake was made at the beginning in the consideration of Gramm-Latta. We allowed the basic processes of this House to be turned into a travesty. Those entrusted with safeguarding of this institution, through a misguided sense of accommodation unwittingly rolled over and played dead for Ronald Reagan. By doing so an injustice was done not just to the membership of this House but to the entire American people.

□ 1240

We have legislation packed into a book of over 600 pages that nobody has read in its entirety. We are going to be asked to vote on that today. I hope that we are never put in that position again. I hope the gentleman will be given the support in his committee to make sure that we do not in the future exceed the bounds of the Budget Act.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the distinguished majority leader (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I hope we will pass this bill by an overwhelming vote. By doing that we will send a message to the Senate that we expect them to act expeditiously.

Most of the 3 million people who receive this minimum benefit are old and most of them are poor. Many of them have been domestic workers who, for many years, were not covered by social security. That is the reason some qualify for the minimum benefit, because the number of quarters under which they were covered was limited. Others were homemakers and mothers. Some were religious workers. Few indeed are affluent.

I could scarcely believe my ears when one of those speaking against his bill suggested that most of these people, or a great many of them, had no moral entitlement from the Government to more than \$62 a month. I cannot really believe that any of us in a humane sense of fairness would reach that conclusion with today's prices.

I could hardly believe that any of us would ask them to abandon their rightful entitlement, swallow their dignity, and go with tin cups in hand to subject themselves to a needs test which would cut off at \$284 a month or at \$1,500 of assets.

I think we need to preserve for our elderly the dignity that we promised them when we created the social security program. That is little enough. This program can be maintained in an actuarially sound way. This Congress will maintain its actuarially integrity, and that can be done without renegeing on our pledge, on our clear promise to these millions of Americans who now cannot be given back those years of their lives. The only way we can keep our commitment is to maintain good faith in what they have been led to expect they will receive.

So I hope we will pass this bill by an overwhelming vote and reestablish in no uncertain terms the good faith that this Government owes to America's elderly.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. CONTE).

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, these last several weeks of dealing with budget and tax matters have been most trying on all of us. The Congress has worked its will on a host of measures we hope will revitalize our economy and strengthen our productive sector.

During consideration of the first concurrent budget resolution and the omnibus reconciliation bill, we gave the new President much of what he wants. However, in the omnibus reconciliation bill, both the House and Senate inserted provisions which would eliminate social security minimum benefits; in retrospect, that move was, I think, a little shortsighted. The conference locked in this provision which will now become effective in February of next year, with the March 1982 social security checks reflecting the elimination of the benefits.

On July 21, by a vote of 405-13, we passed House Resolution 181 in an attempt to effect the removal of the minimum benefit elimination provision. That effort was unsuccessful though because of the Senate's refusal to do the same.

Today we have an opportunity, a second chance if you will, to repeal the minimum benefit provision before it takes effect, and perhaps insure that those 1 million or so retirees between the ages of 70 and 90 who cannot qualify for supplemental security income will continue to receive the small \$122 per month sum for their remaining years.

I, like most of the Members of this body, received a large volume of mail from elderly constituents asking that their minimum benefits not be eliminated. These are not people who have nice pensions and substantial investments to see them through their remaining years. They are, in most cases, people who live from month to month in an economy where it is difficult at best to make ends meet for

most Americans, let alone those on fixed incomes.

I am in agreement with the President on the need to get the Federal budget under control, and I commend him for his efforts to take certain steps toward this end which should have been taken long ago. But in my second thoughts on the provisions of the reconciliation bill, I think we can look to other areas of spending to achieve the President's goal.

In the meantime, let us leave the minimum benefit intact and show a little compassion for those on minimum fixed incomes by repealing the elimination provision. This is what our elderly constituents asked us to do, and by a 405-13 vote on July 21, we agreed that their requests were not too much to ask for. Let us give this matter a second chance and vote for the bill put forth by the gentleman from Missouri (Mr. BOLLING).

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. GILMAN).

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I rise in support of H.R. 4331, to restore social security minimum benefits by repealing the section of the Reconciliation Act that seeks to eliminate these benefits.

Earlier today, we lost an opportunity to restore these benefits—the social security minimum benefits—through a procedural move. Now we have one more chance to restore these benefits for the 2 million elderly Americans who depend on these small checks to meet their most basic needs.

Let us take advantage of this opportunity to reaffirm our commitment to maintaining the security of our Nation's older Americans. I strongly urge my colleagues to cast their votes today in favor of the minimum social security benefits in order to assist our senior citizens.

I am hopeful that our adoption of this bill will be followed quickly by like action in the Senate. In addition, I urge that we move quickly toward a full airing of the complex issues surrounding the entire social security program's long-term financial stability. This is a matter of utmost importance to all Americans and it should be addressed by the proper authorizing committees in a rational, deliberate, and considered manner. We must bring the most appropriate measures to bear in maintaining the program's solvency and assuring all Americans that the social security benefits they have earned and that they depend on will continue to be paid to them without any fear of loss or reduction in benefits.

However, in the interim, I urge my colleagues to support H.R. 4331, to assure our minimum beneficiaries that they will not be singled out to bear the

brunt of an arbitrary and unfeeling budgetary reduction.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. PURSELL).

(Mr. PURSELL asked and was given permission to revise and extend his remarks.)

Mr. PURSELL. Mr. Speaker, I appreciate the leadership giving us an opportunity to act on this matter today.

Mr. Speaker, I rise in support of the legislation before us to maintain the minimum benefit under the old age, survivors, and disability insurance program.

During the year ahead, Congress must take effective action to insure the integrity of the social security retirement trust fund. Meanwhile, it is imperative that a loud signal be sent throughout the Nation that nothing will be done to endanger the benefits of those currently on social security. Enactment of this legislation would send such a signal.

Most beneficiaries of the minimum payment are women and retired workers over the age of 65. Among retired workers alone, there are about 1.5 million individuals 70 years or older, approximately 532,000 people 80 or older, and about 80,000 beneficiaries 90 or older.

Mr. MICHEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in support of this motion to remove the minimum social security benefit from the reconciliation bill.

Mr. Speaker, I am supporting the repeal of the elimination of the social security minimum benefit for one reason. Despite the allegations on both sides of the aisle and despite the eloquence with which the program has been both revered and maligned, at no time has anyone suggested that the program is all bad or all good.

There has hardly been sufficient evidence in hearings to justify the complete elimination of this program. However—and I want to be quite clear on this point—neither has there been justification for the complete retention of this program. Both sides agree that there are hundreds of thousands of beneficiaries who will either qualify for other assistance or do not need the benefit.

I believe that there are those segments of our society who desperately need this benefit—for example, women who spent too many years as homemakers and too few in the so-called work force to qualify for more than the minimum benefit. And I also believe that there are segments of our society who have taken advantage of the system to augment their pensions with the social security minimum

benefit by working just long enough under social security to qualify.

But we cannot tinker with the system by chopping this or that benefit. The minimum benefit must be considered with great care as part of the overall social security reforms. The Congress must consider this benefit based upon who receives it now—and who expects to receive it in the future. It must determine who has no other benefit and who will be covered by other income maintenance programs.

The Ways and Means Subcommittee on Social Security currently has in markup a comprehensive program to revise and reform the social security system and to insure continued benefits to present and future recipients.

In repealing the elimination of the minimum benefit, we shall clear the way for a rational decision—a decision that is based upon intelligence and compassion.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. NELLIGAN).

(Mr. NELLIGAN asked and was given permission to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, I fully support this measure.

[Mr. NELLIGAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Vermont (Mr. JEFFORDS).

(Mr. JEFFORDS asked and was given permission to revise and extend his remarks.)

Mr. JEFFORDS. Mr. Speaker, I am pleased to rise in strong support of the restoration of the minimum social security benefit. As I have expressed on other occasions, I feel that the House acted precipitously and without adequate deliberation when it repealed this benefit in the omnibus reconciliation bill of 1981. I do not believe that the vote on this bill is a formality or a symbolic vote. I take the leadership of the Senate on its word: It will consider this legislation in September and will act upon it. Also, it is my hope and my belief that the Senate will pass this bill and that the Congress will undo the damage which it has done to the social security system.

I do not believe that the social security system is without the need for reform or improvement. However, I believe that any change in the system should be carefully considered and fully debated. I also believe that we should consider social security as part of a larger debate on the adequacy of our entire retirement security future and that we should include in our review private savings and pension reform and alternatives for older Americans to continue in the work force if they so desire.

A great deal of the minimum benefit debate has centered on assertions that

this benefit is unearned and that it is unneeded. If these are the real issues, then let us face them directly. If the benefit should not be paid out of the social security trust fund, then let the Congress consider how it should be paid. If the benefit is not needed in certain circumstances, then let us identify those circumstances and adjust the benefit for those who have abused the system. The meat-ax approach to totally eliminate the minimum benefit is not one that I find acceptable. For many Americans, the minimum benefit is an essential part of their monthly income and cannot be reduced without causing severe economic hardship. The Congress and the President must recognize this and must be sensitive to this.

Finally, on a week that the Congress has shown great generosity toward some of the richest interests in our Nation by giving the oil companies a \$16 billion tax break, I do not think that it is unreasonable for us to show a little compassion and provide the \$1 billion necessary to retain the minimum benefit next year. By acting to restore the minimum benefit, the House can take an important step forward in restoring the confidence of elderly Americans both in the social security system itself and in the ability of the Congress to deal with the problems of social security responsibly.

Mr. MICHEL. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. WALKER).

(Mr. WALKER asked and was given permission to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, I thank the gentleman from Illinois (Mr. MICHEL) for yielding to me.

Earlier in the debate, the gentleman from Missouri (Mr. BOLLING) said there are two points of view that can be expressed about social security. I would agree with him. I think they were both expressed when this issue arose in the consideration of the budget bill. At that time we had the approach taken in Gramm-Latta which said we were going to cut the minimum benefits and that may have been handled in a somewhat clumsy fashion. Hopefully, what we will be doing on the bill today will help correct any problems that might have arisen as a result of the Gramm-Latta process. But the issue was clear. What we were trying to do was, we were trying to insure the integrity of the system for those who paid into the system and deserve full benefits under the system.

Yes, there was another point of view, too, on the floor that day. It was the Democratic leadership's bill. The Democratic leadership's bill, if the Members will remember, cut future benefits for all 36 million social security recipients, every one of them across the board. It cut those benefits. That was the other point of view before us.

Was that subject to amendment on the floor that day? No. The members of the Committee on Rules were not going to permit us to touch that provision by amendment. What would have been the conferees' choice had we gone to the conference with that particular bill? We would have had a choice between what the Senate passed on minimum benefits or the choice of cutting future benefits for all 36 million social security recipients. I thought a cut for all recipients was wrong. I think it is wrong today. I think that even though we have continued to talk about minimum benefits, that we have not really addressed the other side of the argument which was the Democratic leadership effort to the preservation of welfare aspects of social security while taking benefits away from everyone.

Mr. YOUNG of Florida. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Speaker, I think the gentleman emphasizes the point some of us are trying to make, that social security should not be considered in a haphazard fashion as part of some other bill. The problems surrounding the social security system should be addressed by this Congress as simply that the social security trust fund, the people who are living on it, and the people planning to live on it in the future.

Mr. WALKER. Mr. Speaker, I yield back the balance of my time.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Connecticut (Mr. GEDDENSON).

(Mr. GEDDENSON asked and was given permission to revise and extend his remarks.)

Mr. GEDDENSON. Mr. Speaker, I rise in support to his issue.

Mr. Speaker, earlier this week the House passed the largest tax cut in history. As a legislator who feels that the time has come to provide tax relief to help our citizens get out from under the burden of inflation, I supported many of the bill's provisions. I could not endorse the overall tax cut package, however, because I consider its tilt toward major corporations and wealthy individuals, to be unacceptable. By creating unprecedented tax breaks for oil companies, multinational corporations, and large businesses, the bill will place the Federal budget over \$60 billion in deficit.

This massive giveaway program will have disastrous ramifications on other areas of the budget.

I rise in support of H.R. 4331, a bill to reinstate the social security minimum benefit which is scheduled to be terminated in March 1982. Efforts to delete this benefit show us the worst effects of irresponsible fiscal policy. It is appalling that some of my colleagues would deny senior citizens of \$122 in monthly payments in order to

finance billions of dollars in lavish tax cuts for oil companies.

Most minimum benefit recipients are elderly women who did not have the opportunity to attain adequate social security coverage. Nearly two-thirds of the people who receive the benefit are over age 70, and one-half million recipients are over the age of 80. Many of these individuals depend primarily on these meager payments for retirement income.

Those who favor elimination of the minimum benefit argue that the truly needy will have their losses replaced with welfare payments. To qualify for supplemental security income, however, an elderly person can have no more than \$1,500 in savings. Many Americans struggle to put aside some savings to supplement their retirement incomes. If the minimum benefit is eliminated, these individuals—thrifty men and women who planned wisely for their senior years—will be rewarded for their diligence by having to choose between a reduction in income or quick disposal of their hard-earned assets.

Additionally, the contributory nature of social security makes it a workers' insurance program not a general welfare program. Many of our proud senior citizens would rather starve than apply for welfare.

If we eliminate the social security minimum benefit, we will be shifting critically needed funds into a massive giveaway tax plan. I urge my colleague to join me in voting for the passage of H.R. 4331.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES asked and was given permission to revise and extend his remarks.)

Mr. HUGHES. I thank the gentleman for yielding.

Mr. Speaker, I rise today in strong support of H.R. 4331 which would restore the minimum social security benefit.

The minimum social security benefit affects the lives of approximately 3 million Americans, approximately 2 million of whom truly need that money. This benefit, which could be phased out prospectively with far less cost in human suffering, is the difference between eating and not eating for many of our Nation's elderly, especially widows over the age of 80.

Many of my colleagues stood up in this Chamber and said that these elderly citizens could qualify for SSI and that would take care of the problem. If they were going to get their money anyway, just from another budget line, any reasonable person would have to ask how that shows up as a savings on the budget ledger. That is clearly robbing Peter to pay Paul, not saving money.

The explanation has become apparent over the last 2 months. Those who proposed this cut in benefits felt that

many of the recipients of the minimum social security benefit would be too proud to accept welfare. They were probably right. The resulting suffering of the cut in benefits and of their pride is far too heartbreaking to contemplate. I hope that respect for our elderly citizens, rather than numbers on a ledger, will be more important today.

Understanding the necessity of maintaining the integrity of the social security system, I support the concept of paying the minimum benefit out of general revenues funds rather than the social security trust funds.

I believe that such a removal shows good sense as well as compassion and I am pleased to be part of this effort today.

Mr. BOLLING. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, let me first of all thank and commend the gentleman, Mr. BOLLING. I rise in support of this resolution.

I want to make it clear I thought that the rule should not have cleaved off the social security issue from reconciliation. I think it is rather contradictory to pass this one measure—the reconciliation measure—a provision to repeal the minimum benefit and then to pass in the first instance a bill to, in fact, repeal the repealer; sort of a double negative.

I know the intention of the chairman of the Rules Committee, who has championed this cause, and I appreciate his comments and his support for assuring this House of having votes on these provisions. Indeed, the proposals that generally come from the Ways and Means Committee have a very tightly structured rule which do prevent Members from working their will. I take it that the gentleman is commenting that there will be no insulation for those that choose to deal with these social security benefits, that the House in fact is going to deal with any change in social security on a forthright basis. I appreciate the comments of the gentleman from Pennsylvania in pointing out the reconciliation process has the effect of glossing over substantial law change as one of its obvious flaws.

Mr. Speaker, although the House has not agreed to address in reconciliation the retention of the minimum social security benefit, this issue is not dead.

The Vento resolution, cosponsored by over 180 Members, Democrats and Republicans, would have enforced the commitment of the House to eliminate one of the the grossest attempts to violate the people's trust by any Congress or administration. It addressed an egregious error in the reconciliation bill. This strong bipartisan support demonstrates the commitment of the House to this issue.

Reconciliation contains an error for which this Congress and President

Reagan must be held accountable, it is one that quietly drains the lifeblood out of the most successful and well-accepted retirement insurance program in the world.

While today we slip the rug out from underneath 3 million social security beneficiaries who are at the rock bottom in terms of the benefits they receive, we may also begin the fatal process by which public trust and confidence are drained from the system. And surely that trust and confidence is the lifeblood of this system.

The immediate targets of the move to eliminate minimum benefit payment, our 3 million intended victims, are not welfare cheats; they have not defrauded the system. Their only crime, if indeed it is one, is that they have been living on a benefit each month to which their Government has determined they are legally entitled. They have not misrepresented their incomes or their contributions. It is we who have misrepresented the entire social security system if we say to them now, you are no longer entitled to that which was pledged to you.

In the long run, is not the administration and Congress also saying that to the other 32 million social security recipients? To the millions of American workers who are now paying 6.65 percent of their incomes into social security with the expectation they too will be able to draw its benefits? We have never, never in the history of the social security program cut monthly benefit checks for those already retired. At least until today.

Are our actions our trail of broken promises, inspired by a mandate of the American people? No. Today's DSG analysis of a recent poll conducted for the Republican Congressional Campaign Committee reveals that two-thirds of the American people do not want social security benefits cut. The overwhelming support for social security is across-the-board, from those first entering the workplace to those already enjoying their social security rights. That is the mandate to which we must listen and act. But maybe that support for social security is the selfish interest we keep hearing about from the President.

This effort to reduce social security benefits for current recipients, to go back on our legal commitment, strikes a cruel blow at a most vulnerable segment of our society. Most of the victims of this unprecedented action do not have large financial reserves upon which to draw. At least half, more than 1.5 million of them are over 70 years old; jobs aren't the answer when they ask "How am I going to make up the difference?"

The victims of this scandal are overwhelmingly female—possibly as many as 85 to 90 percent of them are elderly women. These are wives and widows; they are working women who have labored at low-paying jobs, whose work histories have been short term or sporadic—perhaps as a result of years

spent outside the work force at home or in other employment not covered by the system.

The statistics go on and on but they don't tell the full story. I would like to detail for my colleagues a few case histories. John B. is 79 years old. Throughout his life he has worked at several low-paying jobs and has lived on the small family farm. He is now almost totally dependent upon the minimum benefit. In March, he will lose his social security. To live he must receive SSI but the farm, though not productive, disqualifies him. So he will have to sell his home and spend the proceeds before he can get any assistance. Mary S. has recently gone through a traumatic divorce. The only thing that she has after many years of marriage is a car worth over \$4,500 and her minimum benefits. Before she can get any aid, her car must be sold. Carol U. lives with her children and collects a minimum benefit. Come March 1, Carol will have the choice of leaving her family or getting no financial assistance because this rent-free room is an in-kind income. The loss of a home and all personal possessions, the stripping away of all dignity and the break up of families are the true impacts of the reconciliation bill.

For what savings are we asking such great sacrifice? It is estimated it will take something in excess of 6,000 staff years on a one-time basis to identify and recompute the benefits of these 3 million individuals. The administrative cost of recomputing the benefits is estimated to be \$150 to \$250 million. I doubt if even the intended victims of this cut are fully aware that it is their benefit we are axing. Despite the fact that \$122 per month is the most frequently mentioned amount of the minimum benefit, this is not in fact the amount on the face of the monthly check these individuals receive. The so-called minimum is reduced even further if the worker retires before age 65. Dependents receive less, including children of retired or deceased workers and dependent spouses and widows, since they receive only a fraction of the worker's benefit.

This minimum benefit has come under attack under the pretense of ridding the social security system of welfare-type benefits, unearned benefits, windfalls, or benefits not originally a part of the social security system. The attack is unjust and unwarranted. The minimum benefit level has always been a part of the social security system, from its earliest inception in the 1930's, the minimum benefit was included as a basic, original feature. When we froze the minimum at \$122 for the workers who retire at age 65, an automatic phase-out was built into the system. As earnings rise in our economy and fewer and fewer people have such low earnings to qualify for only \$122 per month, the minimum will cease to exist. By forcing the elimination now, the administration is

turning its back on small but desperately needy portion of America.

So how much do we actually save when we tally up the administrative costs of executing this proposal? When we deduct the increase in payments for supplemental security income? When we then compute the highest cost of all, the loss of public trust and confidence? When the Congress is willing to go on record that there is nothing sacred in the commitment social security represents, indeed that benefits are subject to the whims of budget balancers at the expense of retired workers there can be no trust.

I urge my colleagues to honor our commitment of 45 years and the promise of House Resolution 181 by supporting continued efforts to reinstate the social security minimum benefit.

I further have reservations about what is going to happen with this particular measure, H.R. 203. I have no doubt that there is a dusty corner waiting in the Finance Committee for dealing with this.

I want to comment a little bit about some of the comments about social security today that have been made. I do not think the solution is to bleed the social security system to restore health to the patient. I want to say that the effort to repeal the minimum benefit proposal does start a process by Congress to take one group at a time off social security insurance benefits. One can phrase it in any terms that they want: earned, unearned. The best phrase one can put on this is that Congress is going to convert those eligible currently for social security and make welfare recipients out of those that are really the truly needy. Believe me, there are many people in my district and I think in all other districts that will not seek supplemental security income because it is characterized as public assistance, as welfare.

I want to point out that the reason I think we have a panic among the elderly in this country today is because of the irresponsible proposals that came from the administration; unwarranted, unnecessary proposals which take the least optimistic statistics and predictions.

I think it is just this simple. The commitment to social security and the health of the system is as good as the President and Congress want to make it. I think we ought to make a commitment worthy of the people we represent.

Mr. BOLLING. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut (Mr. RATCHFORD).

□ 1250

(Mr. RATCHFORD asked and was given permission to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, I rise as a former commissioner on agriculture in the State of Connecticut, a State in which there are about 300,000 people



over the age of 60 and a State in which there are thousands and thousands of frail elderly people in this program.

Now, let me say again what we are talking about are the frailest of the frail and the neediest of the needy. And to talk about cutting these people from that thread of life, that \$122 a month, is unconscionable.

Now, let me remind the Members what we did in the tax bill this week. And if you want to talk about fairness, if you want to talk about equity, if you want to talk about justice, can we in conscience cut the frailest of the frail and in the same week give billions of dollars of tax breaks to the oil industry, give several billion dollars of breaks to the savings and loan industry, give a large break to the commodities traders and, yes, to say in the wealthiest of estates, "You are going to get a break?" To give a break to oil, to banking, to commodities, and to large estates in the same week when we propose to cut 3 trillion of the frailest and the neediest of the elderly is not something I care to engage in. In the name of conscience, in the name of justice, in the name of equity, let us pass this bill and I keep our commitment to the older Americans.

Mr. MICHEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from California (Ms. FIEDLER).

(Ms. FIEDLER asked and was given permission to revise and extend her remarks.)

Ms. FIEDLER. Mr. Speaker, I rise in support of H.R. 4331, to restore minimum benefits under the Social Security Act.

There are 3 million senior citizens receiving minimum social security benefits. Two-thirds of those citizens are over age 70. Some 500,000 are over age 80. Most are elderly women who never had the opportunity to make a reasonable salary. All are now tenuously balancing the very high costs of health care, food, and housing on budgets that are dependent on the minimum benefit check each month.

The Federal Government long ago made a commitment to these senior citizens, who have worked all of their lives hoping for some retirement security. To suddenly break that commitment would be a cruel and unfair measure. Current recipients of the minimum benefit are very frightened by unknown hardships they will face if assistance is cut off. Many are not able, prepared, or willing to search out welfare benefits they will need to maintain adequate incomes. They are the individuals who are most vulnerable to difficult economic conditions and least able to adapt to them. As we pursue a needed program of economic recovery for this Nation, let us not forget the commitments we have made to senior citizens with the social security program.

Mr. MICHEL. Mr. Speaker, I yield such time as she may consume to the

gentlewoman from Maine (Mrs. SNOWE).

(Mrs. SNOWE asked and was given permission to revise and extend her remarks.)

Mrs. SNOWE. Mr. Speaker, I rise in support of H.R. 4331, legislation to amend the Omnibus Reconciliation Act to restore the social security minimum benefit for current recipients. While we must consider the alternatives for social security refinancing, any reforms we pass should not hurt those who are already receiving the benefits for which they have planned.

Eliminating the minimum benefit for current recipients would result in an undue hardship for the majority of these older Americans. We must look closely at exactly who is receiving the minimum benefit. Most minimum beneficiaries have a history of low wages throughout their working years. In my home State of Maine, many people spend their lives working hard in low-paying jobs with little potential for increased earnings. Maine has the lowest per capita income in the Nation, and my constituents could not afford even the smallest reduction in social security benefits.

Most minimum beneficiaries are women; 76 percent of the workers receiving this benefit are women who characteristically earn lower wages or who have taken time out of the workforce to raise families. If we include dependents and survivors, we find that an estimated 85 to 90 percent of minimum beneficiaries are women.

Most minimum beneficiaries are retired workers, and approximately 78 percent of them are at least 65 years of age. Among workers alone, there are about 1.5 million who are over age 70, about 532,000 who are over age 80, and about 80,000 who are 90 or older.

A mere 12 percent of minimum beneficiaries have a public pension and are receiving this benefit because of short-term employment in a social security-covered job.

These retirees planned on the minimum benefit as a source of income because Congress promised it to them. They have every reason to believe that they will continue to receive this benefit. Most are already living on a tight budget, and it is too late for them to plan on alternative sources of retirement income. The people of this Nation are rapidly losing faith in the social security system, and a cut in benefits to current recipients will only increase this lack of confidence.

I have heard the argument that if the minimum benefit is changed, needy recipients will be eligible for supplemental security income (SSI). While it is estimated that perhaps 80,000 would become eligible if the minimum was eliminated, it is questionable how many would choose to apply. The older people in Maine see a great difference between the social security benefits which they have earned and the SSI benefits which they view as welfare. Moreover, many

needy elderly are not eligible for SSI because they have a small savings or own their home. It is very difficult to tell proud older Americans that Congress has voted to reduce their social security benefits, but that the Government will supplement their losses with SSI if they are willing to sell their home and dispose of their assets.

There is also some skepticism about whether the Social Security Administration could even administer the change in benefits for these 3 million minimum beneficiaries. The benefit formula has changed many times since the program's inception, and recomputing each person's benefit would take in excess of 6,000 staff-years to carry out.

Our support for saving the minimum benefit demonstrates to the senior citizens of this country that they need not fear the reduction of their benefits and that they can continue to have faith in the social security program.

Mr. MICHEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. ARCHER).

(Mr. ARCHER asked and was given permission to revise and extend his remarks.)

Mr. ARCHER. Mr. Speaker, I think we need to look at why we are debating this issue at all today.

We are debating it because the social security fund is going to be in deficit and unable to pay all retirement benefits at the end of next year if we do not do something. It means we are going to have to make some very difficult choices. They will not go away. We can listen to all of the political rhetoric that we want; the decision still has to be made.

The question on the minimum benefit is whether we continue to pay out to people benefits beyond what they have earned by taxes paid in when they do not need that for the source of their sustenance, when they perhaps have millions of dollars of outside wealth, when they have large pension programs, either governmentally or privately sponsored, and in doing that jeopardize the basic benefits paid to the elderly who do need social security as a major or sole source of support.

That is the issue here.

This bill takes away from the Social Security Subcommittee and the Ways and Means Committee the opportunity to devise a reform program that will implement a policy that will be constructive and beneficial to all in this country who depend on social security.

And what will it do? It will send a bill to the Senate that they will sit on until they are ready to tack on their social security proposals and then be the moving force behind what is done in this vital area, taking away the House's constitutional jurisdiction to originate all tax bills. And make no mistake about it, that is exactly what we are doing today. We are handing a

vehicle to the Senate to rewrite the social security bill. I do not think we should do that.

Our chairman, who has done an outstanding job on the Social Security Subcommittee, my friend, the gentleman from Texas, JAKE PICKLE, has committed that we will take into consideration and pass out a reform on the minimum benefit structure. That is the proper way to do it, not in this hurried procedure before the House today.

Mr. BOLLING. Mr. Speaker, I yield 4 minutes to the gentlewoman from Ohio (Ms. OAKAR).

(Ms. OAKAR asked and was given permission to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, I rise in support of the bill and commend the chairman of the Rules Committee for offering it.

Mr. Speaker, I have had the privilege for the past 3 years of chairing a task force on social security under the auspices of the Aging Committee, thanks to the gentleman from Florida (Mr. PEPPER). We have had countless hearings and numerous witnesses and, quite honestly, I do disagree with some of the findings of the Ways and Means Subcommittee.

Three former Commissioners testified that there was no immediate crisis, two funds had surpluses, one fund may have an interim problem in the midgetties interfund borrowing would take care of that difficulty for the 1980's. In fact, the trustees report—and this was not the trustees press release, but this was in the report—written by the Secretaries of Treasury, HHS, and Labor, indicated that for the next 25 years the trust fund has at least a 17-percent surplus. The Congressional Budget Office report shows an even greater surplus.

Why are press releases issued by the trustees attempting to have the people believe the system is bankrupt? Why have they induced blind panic on the part of the elderly? I believe it is because as long as the trust fund is part of the unified budget, that trust fund can be used to wash out other expenditures in the areas such as the cost of this tax bill, the cost of our defense increases, and so forth. In effect, they are going to try to balance the budget on the backs of the elderly who paid into the system.

Now, one of my colleagues from Texas talked about this GAO report, which is really a very poor report because, do you know what, it left out 25 percent of the people who collect the minimum benefit. They did not account for 25 percent of the people.

So we have to ask who really are these people. They are not the rich, as the gentleman would have you believe. They are not even the middle class, as the gentleman would have you believe. It has to do with women because the fact is that 75 percent of the people who are affected happen to be older women, two-thirds of whom are be-

tween 70 and 90 years of age. Approximately 2 million of the 3 million will suffer reduction of more than one-third by next April, and only about 600,000 of them are likely to even attempt to apply for SSI. The remaining 1.4 million persons, half of whom are estimated to have incomes under \$3,200, or \$4,800 for a couple, can expect an average net loss in annual income of over \$500.

And what about these people who have another pension? I chair a Committee on Compensation and Employee Benefits for Federal Employees; 32 percent of those people receive a pension of under \$6,000. These are the groups who are most likely to be among the 12 percent who get that other pension. Their combined income is less than \$11,000 annually.

So I ask you: Is this fair to our people? Are we breaking our promise to the American people? And I invite every Member in this House—and really and truly, the American public and the press—to take a look at our task force findings. They will see a very, very different picture.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. GOLDWATER).

(Mr. GOLDWATER asked and was given permission to revise and extend his remarks.)

Mr. GOLDWATER. Mr. Speaker, I rise in support of H.R. 4331, a bill which would, in effect, amend the conference report of the fiscal year 1982 budget to delete the provisions on the minimum social security benefit provisions. I do this out of a sense of fairness and legislative deliberation.

The social security system is very, very sick. The largest portion of the system, old-age survivors and disability insurance, will be bankrupt within the year. We are, and rightfully should be, worried because ultimately the health of the system affects the financial security of almost all present and future retirees in the country.

However, social security reform has to be approached in a comprehensive fashion. I believe that we should all take our lead from the distinguished chairman of the Social Security Subcommittee, the honorable gentleman from Texas, and look at the actuarial soundness of the system as a whole rather than amending it in the hasty, piecemeal fashion outlined in the budget reconciliation bill.

In all honesty, I recognize that real changes will have to be made in the social security system. We have to get the system back to insuring retirement income for retirees and delete the frills that have been added over the past 40 years. In all honesty, major revisions in the minimum benefit may have to be made. A means test probably should be implemented. I simply cannot believe that 100 percent of all recipients of the \$122 per month minimum benefit are over 80, female, and destitute as some claim. This mini-

imum amount has to be guaranteed for those truly dependent on it, though, and I do not think anyone would argue that point.

In sum, Mr. Speaker, I urge passage of this bill so that we can take a long, hard look at the state of the social security system now and what overall changes have to be made to guarantee that those checks still go out to our Nation's elderly who depend so fully on them.

Mr. MICHEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. PARRIS).

(Mr. PARRIS asked and was given permission to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, I rise in support of the legislation. Today I will vote in favor of retaining the minimum social security benefit. This \$122 monthly payment provides 3 million retirees with desperately needed assistance.

The minimum benefit would be deleted by the Gramm-Latta budget bill which the House approved last month. Eliminating this benefit would create a real hardship on those who can least afford it. It would be particularly devastating to those individuals who have worked at low-income jobs throughout their lives and depend on their monthly checks to make ends meet. One of the problems with the social security system is that it does not differentiate between the people who worked at low-income jobs and people who have multiple pensions. We would be placing an unfair burden on millions of retirees if we were to change the rules now. These people are the most vulnerable because they cannot supplement their incomes by going back to work.

Those in favor of eliminating the minimum benefit have said those individuals truly in need will be picked up by welfare or some other Federal program. The problem is that there are already 500,000 minimum beneficiaries currently eligible for welfare who have refused to apply for welfare benefits. Even the administration has said that they expect no more than one-quarter of those who are now or would become eligible for welfare will apply for welfare benefits. If all those eligible did apply for welfare, the budget savings would be cut by one-half. In addition, eliminating this necessary benefit will not help to restore confidence in the social security program. Nor will it help to solve the financial problems that face social security.

About 80 percent of current beneficiaries have paid taxes toward this benefit and they are entitled to the proceeds. Those individuals who have retired or are about to retire have counted on these benefits in planning their retirements. We have a commitment to maintain the minimum benefit.

I hope and I trust this legislation will be adopted.

□ 1300

Mr. MICHEL. Mr. Speaker, to wind up debate on this side, I yield the balance of the time remaining to the distinguished gentleman from California (Mr. ROUSSELOT), who serves with such distinction on the Social Security Subcommittee.

The SPEAKER pro tempore. (Mr. BONIOR of Michigan) The gentleman from California (Mr. ROUSSELOT) is recognized for 4 minutes.

Mr. ROUSSELOT. Mr. Speaker, I compliment my colleague from Missouri for providing time for this discussion on this important issue of the minimum benefit. However, I rise in opposition to H.R. 4331.

It is of the highest importance that we, as elected Representatives, proceed in the matter of consideration of restoring integrity to the social security system with great care, addressing not parts of the problem, but by facing the entire problem of the system head on with constructive remedies.

It worries me, however, that some of my colleagues are taking actions based on haste, actions based on partisan efforts, and actions based on emotion rather than rationale.

It worries me, for the sake of the 35.6 million Americans receiving social security benefits, that this action today completely circumvents the committee process of the Congress; this bill having been introduced only yesterday, more importantly H.R. 4331 entirely bypasses the work of the Social Security Subcommittee, which is presently marking up proposals to save the system.

I regret that H.R. 4331 is not part of the overall discussion for the total reform that is needed for the social security system. I think it would be more appropriate if this bill addressed the problems facing the social security program; but I understand the political nature of this issue. It is a very, very hot issue. I can understand my Democratic colleagues wanting to jump on it with both feet and tromp everybody, and in some cases misrepresent the President's position.

But that is all part of the political game. Unfortunately, these social security benefits cannot be viewed as a game.

The main objective is to save the social security system. And I do not care how many figures we quote from the Congressional Budget Office, or anybody else, our social security computers show that unless this Congress takes positive action, those trust funds will be in desperate trouble in November 1982 or thereabouts. No matter how much we want to walk away from that fact, no matter how hard it is to face the system's problems, the truth is social security is facing its most serious crisis in its 46-year history.

I want to compliment my colleague from Texas (Mr. PICKLE), who in a bipartisan manner, has handled this issue very, very fairly and very square-

ly as the chairman of the Social Security Subcommittee, in trying to bring to this Congress true reform.

I want to compliment my other colleague from Texas (Mr. GRAMM), who gave some very positive constructive statistics that we are all going to have to look at. He is right on the mark in his discussion that, of those 3 million people who are now receiving the minimum benefits, many have not earned the full amount of the benefit they receive. For example, there are many minimum benefit recipients, who are receiving \$122 a month from social security, that have paid less than \$122 in social security payroll taxes during their entire working history. He is absolutely correct in his figures and I compliment him for the way that he brought them to our attention.

First, this is a most important point which my colleague from Texas has raised. While many have shown concern today for those who receive the minimum benefit, while not quite having earned the full amount they receive, we are overlooking the majority of those beneficiaries who have paid into the system for many, many years and thereby qualifying for a normal benefit. I ask my colleagues what about these individuals' rights? What about their right for their benefits to be protected? Should not we as a Congress be concerned about the benefits of those who have paid the payroll tax for many years, and not just those who marginally qualify?

As I have already stated, this is the main objective we must address: salvaging social security for those present and future beneficiaries who have truly earned their benefits.

Second, I want to make it clear the way some of my colleagues have tried to emphasize they would believe that the reconciliation bill cuts all of these benefits retroactively. That is bunk. The reconciliation bill, over which 250 conferees have reached agreement, says that those minimum benefits will stop in March of 1982.

So, all of the discussion that the beneficiaries were going to be cut off tomorrow, all of that fear that unfortunately many of my colleagues promoted, over the media air waves, that we were cutting all these people off, is just not correct.

I want to assure the American people who presently receive social security benefits that the intent of our Social Security Subcommittee is not to cut all the benefits as the Democrat reconciliation bill would have done. If their bill had passed, 36 million recipients' benefits would have been slowed down very substantially.

My colleague from Minnesota (Mr. VENTO) did not mention that in his discussion today and I am sure he voted for that bill.

I want to say additionally that there is no doubt about the fact we need to save this system and this minimum benefit is a very sensitive area. But, it

is not true that the overwhelming majority of these receiving this benefit are destitute without remuneration and will be dropped through all kinds of cracks or that they will be put out to poverty. That is just also bunk. My colleague from Texas (Mr. GRAMM) has in a very straight forward manner made this point clear.

Mr. Speaker, I think that we should face up to the fact that both President Reagan, and the Social Security Subcommittee, have genuinely tried to address this issue. I hate to see the House send a bill separately to the Senate, because we know how good the other body is at picking up on legislation, as my colleague from Texas (Mr. ARCHER) said. It could well be that this bill may come back to haunt us even before we have had a chance really address the issue the way I think it should be fully considered before the whole Congress. The best way to achieve this full and careful consideration is to work within the traditional institutional framework of the Congress—the committee system.

I therefore urge my colleagues to vote against H.R. 4331, allowing for the opportunity for full debate and consideration of proposals to save the social security system by the Social Security Subcommittee, the Ways and Means Committee, and the House of Representatives.

Mr. HEFTEL. Mr. Speaker, I rise today to defend social security minimum benefits. I refuse to believe that this distinguished body is prepared to ignore the basic needs of millions of older Americans who depend upon their small, monthly checks for their very livelihood and survival.

It is simply not fair to change the rules of the game in midstream, to the detriment of many of our senior citizens, for the sake of short-sighted budgetary considerations. Mr. Speaker, when we established the social security system, we made a solemn promise to all Americans; let us not begin breaking that promise.

Mr. Speaker, I believe that all of my colleagues realize the need to prudently control Government spending. This broad consensus is amply evident from our recent actions in the budget area. But Mr. Speaker, there is a right way and a wrong way to cut the budget, and cutting out social security minimum benefits is clearly wrong. Let us cut Government spending, let us make the Government cost-effective, but let us not do so by breaking sacrosanct promises made long ago, let us not do so by forgetting our elder Americans.

Mr. Speaker, there has been much talk in this Chamber of the "social safety net." I submit to my colleagues that the elimination of social security minimum benefits makes a mockery of this so-called safety net. Years ago, our Nation entered into a sacred contract with the American people to preserve and protect, to uphold and sustain, a quality of life which they had

justly earned through the fruits of their labor. This contract is now jeopardized by shortsighted policies tendered under the guise of economic progress.

But, Mr. Speaker, I ask this distinguished body, can our great Nation move forward by leaving behind those people who helped forge the American dream? I think not. I urge my colleagues to reject this myopic approach and to reinstate the social security minimum benefits.

Mr. BOLLING. Mr. Speaker, I yield myself the balance of my time.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Massachusetts.

(Mr. MOAKLEY asked and was given permission to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, I rise in support of the bill (H.R. 4331) to restore minimum benefits under the Social Security Act and commend the distinguished chairman of the Committee on Rules, the gentleman from Missouri (Mr. BOLLING) for his leadership in attempting to provide the House with a method by which this last effort can be made to restore these vital benefits.

Mr. Speaker, last night the Rules Committee was confronted with a distressing dilemma. We were advised that the Senate, by inadvertence or otherwise, had acquired custody of the papers on the reconciliation conference report. We were advised that the Republican leadership in the Senate was prepared, in a showdown, to pass the original Gramm-Latta bill. Not only would programs salvaged in the conference be lost, the minimum benefit itself would be almost immediately lost with some of the minimum benefits cut off in only 90 days.

The choice before the Rules Committee was a simple one, if thoroughly anguishing to all of us, we could call the Senate's bluff and risk an almost immediate cutoff of these benefits, not to mention the loss of more than \$3 billion which the conferees had recaptured.

The gentleman from Missouri indicated that the risk was unacceptable and was supported by the committee which reported a rule which lengthens the time available to try to save the minimum benefit and completes half of the legislative process toward doing so on the same day. I recognize that there are some risks regarding Senate action on H.R. 4331. But the chances will be far better than under the dangerous situation which existed last night.

However, Mr. Speaker, I for one continue to believe that even this risk is unacceptable. Today the House will have two more chances to really save the minimum benefit. A motion will be offered to recommit the conference report; I will support the motion and urge my colleagues to do so. If we are successful in this effort, the conferees

can be back as early as Tuesday with a revised conference report saving the social security minimum benefit. If that effort fails, I will vote against the conference report itself. It would be regrettable to see the work that went into reconciliation lost but it would be far more regrettable to run any risk that the minimum benefit will not be saved.

Mr. BOLLING. Mr. Speaker, it is a pleasure always to listen to the gentleman from California. I suddenly realized that he must be coaching a fellow Californian. His use of language is extraordinarily apt, skillful, and sometime quite confusing, but really fascinating.

The only reason that I take this time is to urge Members to vote in the hope that the other body will show good judgment and begin to relieve the fear that is in the land with regard to what this institution is going to do.

I am afraid of what this institution may do. I am afraid it may act on social security the way it has acted on taxes and on reconciliation in a way that is not entirely representative of this institution.

I do not like to see a situation where all the members of one party march in lockstep.

I know the diversity of both parties. I do not like to see a situation in which any President dominates the institution wholly.

It is not the first time I have seen it. But I do hope that when we consider social security we are able to do it like the House of Representatives and like the other body, not like partisans marching in lockstep.

I hope everybody votes for this bill.

Mr. RANGEL. Mr. Speaker, I rise in support of H.R. 4331, a bill that would restore the minimum benefit under the social security system to law. In perhaps one of the most callous actions this body has taken since I have been in Congress, the House eliminated this benefit when it passed the Gramm-Latta substitute to the omnibus reconciliation bill.

When my committee considered legislative savings as mandated by the first budget resolution, we decided that the elimination of the minimum benefit would break a covenant between the Government and the people; that cutting back on benefits that people expect and have been receiving was not only wrong, but it would shake the trust that we try so hard to instill in our citizens about the integrity of their Government. To me, and to many in my district and I assume across the country, the social security system is one of the great social programs of our time, and it is a source of security to many Americans both young and old. It troubles me to see this President manipulate this system, and cause anguish and worry among our senior citizens, who deserve our support, not our politicking and rhetoric. I strongly urge my colleagues in the House to support this bill, and I

hope that the other body will move with dispatch to make this bill law.

Mr. BINGHAM. Mr. Speaker, I rise in support of this legislation to restore the minimum social security benefit. As I have argued on many occasions, it is unconscionable that the Congress would eliminate this source of income for 3 million of our most needy citizens. The minimum benefit today is \$122 a month. I ask my colleagues to contemplate for just 1 minute what it would be like to live on \$122 a month. Could a person living on that amount afford to pay rent, buy food, and pay utility bills too? Yet if we eliminate the minimum benefit, 1.5 million Americans will have to make do with even less than that.

But we are told that we must reduce Federal spending. We are told that our President has pledged to balance the budget, and, besides there are people receiving the minimum benefit who do not really deserve it. I ask how any Member can dare make arguments like that after passing the President's tax bill the other day. That bonanza for the rich may well result in deficits of \$87 billion over the next 2 years and even higher deficits later. Those deficits will be caused by billions of dollars in tax cuts for our wealthiest citizens and \$16 billion in giveaways to the oil industry. Is it not ironic we will strip tens of thousands of needy Americans above the age of 90 of the minimum benefit at the very time when we are handing over tax revenues to the super-rich and to those industries which could mount the most effective lobbying efforts?

I see that some of the same Republicans and conservative Democrats who voted for the Gramm-Latta reconciliation package will be voting for this bill today. Many of these Republicans and conservative Democrats voted against a rule which would have allowed us the opportunity to preserve the minimum benefit. Many of them supported the President's tax package which, in the huge and unprecedented deficits it could create only makes slashes in social security inevitable. Frankly I am appalled at this hypocrisy.

Mr. Speaker, I am pleased that the House has another opportunity to express its position in favor of retention of the minimum benefit. The chairman of the Rules Committee, Mr. BOLLING, has made it clear that today's action will not be the last of its kind. The House leadership shall continue to press for continuation of this benefit until its continuation is assured. In doing this, this body will only be pushing President Reagan to live up to the pledge that he made during his campaign and repeated again on Monday night. To quote the President:

I will not see those of you who are dependent on social security deprived of your benefits. I make that pledge to you as your



President . . . You will continue to receive your checks in the full amount due you.

Mr. Speaker, the House is making its position quite clear on this matter. The President has repeated his pledge. The ball is now in the Senate's court. The Republican Senate has yielded to the President on almost every aspect of the President's economic program. If the President really wants to save the minimum benefit he would have little trouble in convincing the Senate to do so. If he does not do so, the public will surely know where the responsibility lies.●

The SPEAKER pro tempore. Pursuant to House Resolution 203, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read a third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BOLLING. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 404, nays 20, not voting 10, as follows:

[Roll No. 189]

YEAS—404

- Addabbo
- Akaka
- Albosta
- Alexander
- Anderson
- Andrews
- Annunzio
- Anthony
- Applegate
- Ashbrook
- Aspin
- Atkinson
- AuCoin
- Bafalis
- Bailey (MO)
- Bailey (PA)
- Barnard
- Barnes
- Beard
- Bedell
- Bellenson
- Benedict
- Benjamin
- Bennett
- Bereuter
- Bevill
- Biaggi
- Bingham
- Blanchard
- Bliley
- Boggs
- Boland
- Bolling
- Boner
- Bonior
- Bonker
- Bouquard
- Bowen
- Breaux
- Brinkley
- Brodhead
- Brooks
- Broomfield
- Brown (CA)
- Brown (CO)
- Brown (OH)
- Broyhill
- Burgener
- Burton, John
- Burton, Phillip
- Butler
- Byron
- Campbell
- Carman
- Carney
- Chappell
- Chappie
- Chishoim
- Clausen
- Clay
- Clinger
- Coats
- Coleman
- Collins (IL)
- Collins (TX)
- Conte
- Conyers
- Corcoran
- Coughlin
- Courter
- Coyne, James
- Coyne, William
- Craig
- Crockett
- D'Amours
- Daniel, Dan
- Daniel, R. W.
- Danielson
- Daschle
- Daub
- Davis
- de la Garza
- Deckard
- Dellums
- DeNardis
- Derrick
- Derwinski
- Dickinson
- Dicks
- Dingell
- Dixon
- Donnelly
- Dorgan
- Dougherty
- Dowdy
- Downey
- Dreier
- Duncan
- Dwyer
- Dymally
- Dyson
- Early
- Eckart
- Edgar
- Edwards (AL)
- Edwards (CA)
- Edwards (OK)
- Emerson
- Emery
- English
- Erdahl
- Ertel
- Evans (DE)
- Evans (GA)
- Evans (IA)
- Evans (IN)
- Fary
- Fazio
- Fenwick
- Ferraro
- Fiedler
- Fields
- Findley
- Fish
- Fithian
- Flippo
- Florio
- Foglietta
- Foley
- Ford (MI)
- Ford (TN)
- Forsythe
- Fountain
- Fowler
- Frank
- Frost
- Fuqua
- Garcia
- Gaydos
- Gejdenson
- Gephardt
- Gibbons
- Gilman
- Gingrich
- Ginn
- Glickman
- Goldwater
- Gonzalez
- Goodling
- Gore
- Gradison
- Green
- Gregg
- Grisham

- Guarini
- Gunderson
- Hagedorn
- Hall (OH)
- Hall, Ralph
- Hall, Sam
- Hamilton
- Hammerschmidt
- Hance
- Harkin
- Hartnett
- Hatcher
- Hawkins
- Heckler
- Hefner
- Heftel
- Hendon
- Hertel
- Hightower
- Hiler
- Hillis
- Hollenbeck
- Holt
- Hopkins
- Horton
- Howard
- Hoyer
- Hubbard
- Huckaby
- Hughes
- Hunter
- Hutto
- Hyde
- Ireland
- Jacobs
- Jeffords
- Jenkins
- Johnston
- Jones (NC)
- Jones (OK)
- Jones (TN)
- Kastenmeier
- Kazen
- Kemp
- Kildee
- Kindness
- Kogovsek
- Kramer
- LaFalce
- Lagomarsino
- Lantos
- Latta
- Leach
- Leath
- LeBoutillier
- Lee
- Lehman
- Leland
- Lent
- Levitas
- Lewis
- Livingston
- Loeffler
- Long (LA)
- Long (MD)
- Lott
- Lowery (CA)
- Lowry (WA)
- Lujan
- Luken
- Lundine
- Lungren
- Madigan
- Markey
- Marks
- Marlenee
- Marriott
- Martin (IL)
- Martin (NC)
- Martin (NY)
- Matsui
- Mattox
- Mavroules
- Mazzoli
- McClory
- McCollum
- McCurdy
- McDade
- McEwen
- McGrath
- McHugh
- McKinney
- Mica
- Mikulski
- Miller (CA)
- Miller (OH)
- Mineta
- Minish
- Mitchell (MD)
- Mitchell (NY)
- Moakley
- Molinari
- Mollohan
- Montgomery
- Moore
- Moorhead
- Morrison
- Mottl
- Murphy
- Murtha
- Myers
- Napier
- Natcher
- Neal
- Nelligan
- Nelson
- Nichols
- Nowak
- O'Brien
- Oakar
- Oberstar
- Obey
- Ottinger
- Oxley
- Panetta
- Parris
- Pashayan
- Patman
- Patterson
- Pease
- Pepper
- Perkins
- Petri
- Peyser
- Pickle
- Porter
- Price
- Pritchard
- Pursell
- Quillen
- Rahall
- Railsback
- Rangel
- Ratchford
- Regula
- Reuss
- Rhodes
- Rinaldo
- Ritter
- Roberts (KS)
- Roberts (SD)
- Robinson
- Rodino
- Roe
- Roemer
- Rogers
- Rose
- Rosenthal
- Rostenkowski
- Roth
- Roukema
- Roybal
- Rudd
- Russo
- Sabo
- Santini

- Savage
- Sawyer
- Scheider
- Schneider
- Schroeder
- Schulze
- Schumer
- Seiberling
- Sensenbrenner
- Shamansky
- Shannon
- Sharp
- Shaw
- Shelby
- Shumway
- Shuster
- Siljander
- Skeen
- Skelton
- Smith (AL)
- Smith (IA)
- Smith (NE)
- Smith (NJ)
- Smith (PA)
- Snowe
- Snyder
- Solarz
- Solomon
- Spence
- St Germain
- Stangeland
- Stanton
- Stark
- Staton
- Stenholm
- Stokes
- Stratton
- Studds
- Swift
- Synar
- Tauke
- Tauzin
- Taylor
- Thomas
- Traxler
- Trible
- Udall
- Vander Jagt
- Vento
- Volkmer
- Walgren
- Walker
- Wampler
- Washington
- Watkins
- Waxman
- Weaver
- Weber (MN)
- Weber (OH)
- Weiss
- White
- Whitehurst
- Whitley
- Whittaker
- Whitten
- Williams (MT)
- Williams (OH)
- Wilson
- Winn
- Wirth
- Wolf
- Wolpe
- Wortley
- Wright
- Wyden
- Wyle
- Yates
- Yatron
- Young (AK)
- Young (FL)
- Zablocki
- Zerferetti

NAYS—20

- Archer
- Badham
- Cheney
- Conable
- Crane, Daniel
- Crane, Phillip
- Dannemeyer
- Erlenborn
- Frenzel
- Gramm
- Hansen (ID)
- Hansen (UT)
- Jeffries
- McCloskey
- McDonald
- Michel
- Paul
- Rousselot
- Smith (OR)
- Stump

NOT VOTING—10

- Bethune
- Coelho
- Cotter
- Dornan
- Fascell
- Holland
- Moffett
- Richmond
- Simon
- Young (MO)

□ 1320

The Clerk announced the following pairs:

Mr. Richmond with Mr. Dornan of California.

Mr. Young of Missouri with Mr. Simon.

Mr. Fascell with Mr. Holland.

Mr. Moffett with Mr. Coelho.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.



## Calendar No. 261

97TH CONGRESS  
1ST SESSION**H. R. 4331**

---

## IN THE SENATE OF THE UNITED STATES

JULY 31 (legislative day, JULY 8), 1981

Received; read the first time

SEPTEMBER 9, 1981

Read the second time and placed on the calendar

---

**AN ACT**

To amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 That (a) effective as of the date of the enactment of the Om-  
4 nibus Budget Reconciliation Act of 1981, section 2201 of  
5 that Act (relating to repeal of minimum benefit provisions) is  
6 repealed.

7 (b) Subject to section 2 of this Act, the provisions of the  
8 Social Security Act affected by the provisions of such section  
9 2201 shall be in effect as of the date of the enactment of the

1 Omnibus Budget Reconciliation Act of 1981 as such provi-  
2 sions would be in effect if such section 2201 had not been  
3 enacted.

Passed the House of Representatives July 31, 1981.

Attest: EDMUND L. HENSHAW, JR.,

*Clerk.*

By THOMAS E. LADD,

*Assistant to the Clerk.*



Calendar No. 261

97TH CONGRESS  
1ST SESSION

**H. R. 4331**

---

---

**AN ACT**

To amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

---

---

SEPTEMBER 9, 1981

Read the second time and placed on the calendar



For the benefit of colleagues in the Chamber you should understand what happened today in the House of Representatives. The House by a vote of 404 to 20 voted to restore and maintain the minimum benefit on social security, and to do it by force of law and, in effect, to undo the removal of that benefit contained in the reconciliation bill we just passed here moments ago. Moreover they not only would maintain the minimum benefit for those people who now receive it but they would continue it on into the future for those who would become entitled to receive it in future years.

I stress again the vote was 404 to 20. So both parties in the House are overwhelmingly on record in term of acting on that today.

Now that bill has come over from the House and is right now here at the desk of the Senate. We have the remainder of 15 minutes to discuss this issue, but I think it is essential that the Senate vote on this issue today. The President, within the last week, has gone to the country on national television to repeat his promise that no one receiving social security benefits today will have those benefits taken away, and we know that the bill that we have just passed takes away the minimum benefit under social security.

The bill the House has passed today, and which now is at the desk here in the Senate would restore that benefit. It would keep the President's promise and it would enable us to go out during the August recess without having the elderly people in this country, the 3 million who receive this benefit, in doubt, wondering what is going to happen to them, wondering why it is that the House of Representatives could take this issue up today and vote on it, but here in the U.S. Senate, despite the fact that we could act on other issues, we just could not find the time or find a way to act on this issue.

Well, clearly, we can act. I think we can afford the 15 minutes that a rollcall vote takes. I know people want to leave town, and I can understand that. But we are not sure now but that we will be in tomorrow, so there is not really a certainty as to what the schedule is for the next hour in any event.

But even if that were a consideration I would hope the Senate would be willing to take this issue and take it off the desk right now within a matter of 15 minutes and vote up or down, and I would hope vote up the restoration of this minimum benefit under social security. At the very least let us not slip quietly out of this Chamber today without facing this issue squarely.

The President has addressed it, the House of Representatives has voted on it today, and we have an opportunity now here to vote on it. I think we have an obligation to do so.

I think we have an obligation to face this issue, and when you go back to your States during the month of August and you talk to people you can tell them you voted and why. But I do not think it is acceptable to go home today and to say, "Well, I am sorry, we just did not have

---

H.R. 4331—TO AMEND THE OMNIBUS RECONCILIATION ACT OF 1981 TO RESTORE MINIMUM BENEFITS UNDER THE SOCIAL SECURITY ACT

The PRESIDING OFFICER. Under the previous order, the Senator from Michigan is recognized for 10 minutes.

Mr. RIEGLE. Mr. President, I had 15 minutes on the conference report.

The PRESIDING OFFICER. The Chair understands there were 15 minutes, with 10 minutes allocated to the Senator from Michigan and 5 minutes allocated to the Senator from Tennessee. The Senator from Michigan is recognized, but before the Senator from Michigan begins, the Senate will be in order. Senators will clear the aisles. The Senate is not in order. The Senator from Michigan.

Mr. RIEGLE. Mr. President, very shortly I will endeavor to bring to a vote here on the Senate floor the minimum benefit on the social security restoration.





time. We just could not take the 15 minutes that it took to vote on this issue."

I think we ought to vote on it and I hope the votes are here to keep the President's promise. The votes were there in the House of Representatives today. Their desire now is to put that burden on our back, the Senate being unwilling to face the issue. We should face the issue, and we ought to vote on it right now. We are in position to do so, and shortly I will ask unanimous consent, as I previously indicated, that the House bill, H.R. 4331, be taken up and voted on immediately and we can settle this issue.

Mr. KENNEDY. Mr. President, will the Senator yield to me?

Mr. DOMENICI. Mr. President, reserving the right to object—

Mr. KENNEDY. The Senator from Michigan has the floor.

The PRESIDING OFFICER. The Senator made unanimous-consent request.

Mr. RIEGLE. I am withholding that. I yield time to the Senator from Massachusetts.

Mr. KENNEDY. I think the Senator from Michigan has made a very important point here. We have just received two messages from the House of Representatives, one on the conference report and one on social security. We acted on the reconciliation proposal here and handed that within a period of 1 hour.

Now, 400 Members of the House of Representatives have said to the elderly people of this country, "We want to say to you we are going to continue the minimum social security payments."

Mr. RIEGLE. Mr. President, could we have order?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order.

Mr. RIEGLE. This is important.

Mr. KENNEDY. Four hundred Members of the House of Representatives have acted this afternoon and said, "We want to give assurances to the senior citizens of this country that they are going to continue to have the minimum social security payments."

Two pieces of legislation came over here. We have acted on one, and all the Senator from Michigan is asking is that the Senate, in its own good time, act this afternoon on the other which got 400 votes in the House of Representatives, on an issue that the President gave assurance to the American people that there was going to be no reduction.

Now, what can possibly be the objection for the Senate of the United States to vote on that issue? We voted up and down on that issue on three different occasions. We know what the issue is. The House of Representatives has asked for it and has voted for it. I just think for us to go out here at a time of the August recess and go home and try to explain to the elderly people of this country that we cannot act because we are tied up in some parliamentary maneuver here, which will refuse to permit the Senate to go on record on a substantive issue, is irresponsible action.

Now, I would hope that the—

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. KENNEDY. The majority in this body has the power to delay, to postpone, to reject. I think what we are going to see now in just a few minutes is whether the majority is going to delay and postpone and reject a reasonable request that should be honored by any Member of this body, and that is that what we were able to do for the conference on budget reconciliation we should be able to do with respect to the message that came over on the issue of the minimum payment.

So I hope there will not be objection to the request of the Senator from Michigan.

We know what the issue is. We know what the matter is that is before the Senate. The elderly people in this country know what the issue is, and I think we do this body a disservice if we fail to vote either "Yea" or "Nay" on that matter.

Mr. RIEGLE. Mr. President, how much time remains?

The PRESIDING OFFICER. Two minutes and fifty seconds.

Mr. RIEGLE. I yield 30 seconds to the Senator from California.

Mr. CRANSTON. Mr. President, I rise in support of the motion by the distinguished Senator from Michigan (Mr. RIEGLE) which would allow the Senate to proceed immediately to restore the minimum social security benefit.

Mr. President, the House has voted today by an overwhelming margin of 404 to 20 to restore the minimum benefit which would be eliminated for 3 million elderly Americans in the reconciliation conference report. The Senate is now in the position to act in an affirmative fashion to put to rest much of the anguish and fears that have been created in the minds of millions of elderly Americans in the last few months.

Mr. President, Monday night President Reagan told the American people:

I will not stand by and see those of you who are dependent on social security deprived of your benefits.

Yet, within a few days, he will sign into law a measure that will eliminate the minimum benefit and thereby deprive some of the poorest and most needy social security recipients of their benefits.

Mr. President, over 75 percent of the people who will be affected by elimination of the minimum benefit are elderly women. Most of them are considerably older than 65. Over half are over 70, more than half-million are over 80, and almost 100,000 are over 90. Many of these very elderly social security recipients paid into the social security system at a time when wages were very low and many of them worked in the lowest paying jobs—cooks, laborers, domestic workers.

Mr. President, I think that many Americans are very confused about what this administration intends to do about the social security system. On the one hand, the President has told them he will not stand by and allow those who are dependent upon social security be

deprived of their benefits. Last October, the American people were told by candidate Reagan that the benefits of those now receiving or looking forward to receiving social security must be protected.

Today, they see President Reagan's plan to eliminate the minimum social security benefit received by 3 million elderly Americans being enacted into law. And coming right behind the elimination of minimum benefits is the rest of the Reagan administration's social security benefit reduction proposals—proposals to slash the benefits of millions and millions of Americans who are approaching retirement.

The administration has said it is willing to compromise on the drastic proposal it announced in May.

Yet, what the American people have seen with respect to the first round of social security benefit reductions is an unyielding insistence on total, complete, and retroactive elimination of the minimum benefits. It is important to remember that the votes that have been taken in the Senate on this issue over the past several months have not been whether to eliminate the minimum benefit for future beneficiaries, but whether to take who are already receiving these benefits—elderly beneficiaries, in their eighties and nineties who retired 20 and 30 years ago. That is what the fight has been over—and the Reagan administration has not yielded an inch.

Mr. President, if elderly Americans are fearful about the future of the social security system, it is because they have heard the Reagan administration threaten bankruptcy next year, at the same time it has refused to allow the swift passage of legislation—interfund transfer legislation—that would avert any crisis next year.

If elderly Americans are fearful, it is because they have seen President Reagan break promises made by candidate Reagan not to take social security benefits away from current beneficiaries.

If elderly Americans are fearful, it is because they have heard the administration talk about compromises on the drastic proposals it announced in May, but what they see is an unyielding, uncompromising stance on elimination of the minimum benefit.

Mr. President, if President Reagan and the Republicans truly wanted to alleviate the fears of elderly Americans, they would demonstrate it by restoring the minimum benefit for those currently receiving this benefit. If they wanted to eliminate those beneficiaries who receive public pensions or otherwise fall to meet the administration's definition of who should receive the minimum benefit, they would propose legislation targeted at those individuals—not a sweeping elimination of all the individuals affected by the minimum benefit.

Mr. President, we have a unique opportunity to act now to reassure the millions of Americans watching that this Government will not allow social security beneficiaries to suffer, that we will not turn our backs upon 80- and 96-year-old Americans, elderly women receiving minimum social security benefits. To delay,

to give excuses, will send the wrong message to these Americans. Let the Senate speak today with compassion.

Mr. RIEGLE. Mr. President, I yield a minute to the Senator from New York.

Mr. MOYNIHAN. Mr. President, the elemental justice of the issue we are going to present to the Chamber surely commends itself to the Members on both sides of the aisle. We have just adopted an extraordinary reduction in social programs. We are soon to have a tax bill that will provide a third of its unprecedented benefits to 5 percent of the population, and the administration I fear is helping to finance consequent deficits by taking away social security of elderly people, single women, men, who lived their lives at \$140 a month, and surely this Chamber will not do that.

It will have an opportunity not to do it in a very short while.

Mr. RIEGLE. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 1 minute and 30 seconds remaining.

Mr. RIEGLE. I yield 30 seconds to the Senator from Ohio.

Mr. METZENBAUM. Mr. President, I commend the Senator from Michigan for his leadership in this effort. It is shameful that we ought to stand here talking about whether we are going to reduce the minimum social security benefit of \$122 a month at the very same time one of the major disputes facing this Congress has to do with \$46 billion in tax cuts for the oil industry.

Mr. President, when I told Budget Director Stockman, several months ago, that I thought that this administration was cruel, inhumane, and heartless, this was precisely the type of issue to which I was addressing myself.

Who are these people, these minimum social security benefit recipients, who deserve to be singled out by this administration for the first actual social security benefit cutbacks in the history of the United States?

Almost a million of them, 941,000 to be precise, are over age 75; 270,000 of them are over age 85; 13,678 of them are over 95.

The only argument we hear from the supporters of eliminating the minimum benefit is that we are somehow eliminating double dipping. Well, I say to you that if we want to eliminate double dipping we should begin with someone other than defenseless senior citizens. We should start with high-paid and powerful military retirees and Government retirees who are in the private sector, and not with tens of thousands of people who are 75, 85, and 95 years old.

This Senate must show some compassion here this afternoon. We must show a sense of justice, and we must honor the commitment we have made to our Nations senior citizens.

Mr. RIEGLE. Mr. President, I yield 30 seconds to the Senator from Maryland.

Mr. SARBANES. Mr. President, I think it is very important to understand that there is a measure at the desk now which, if the Senate will take it up and pass it, will resolve this problem with

respect to the minimum social security payment for 3 million people.

It has passed the House earlier today by more than 400 votes. It is at the desk. We can take it up and pass it here and the issue will be put to rest for millions of elderly Americans. We ought not to pass by this opportunity. It would be shameful to do so.

Mr. RIEGLE. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Tennessee has 5 minutes remaining.

Mr. DOLE. Mr. President, the social security minimum benefit has been the subject of controversy throughout this reconciliation process. The Senate voted on the issue three times during the last 4 months and today the House of Representatives took its second vote on the subject. The elimination of the minimum benefit has become an emotional issue and the emotion, heightened by Democratic rhetoric, threatens to obscure the facts. Obviously, it is time to focus on those often ignored facts.

First of all, and I think this is significant, there is widespread agreement that the minimum benefit should be eliminated for future recipients. The minimum benefit is largely unearned, consisting of a welfare support add-on to the monthly payment a recipient is entitled to from his or her tax contributions. Under current law, some husbands and wives retiring on the minimum benefit next year, for example, would be eligible for a lifetime retirement income from social security about 300 times greater than the amount they paid into the system.

It is widely recognized that the minimum benefit no longer achieves its original purpose. The minimum benefit was intended to provide retirement income for workers with very low wage histories and for those elderly persons whose employment took place primarily before social security covered their work. Times have changed. Today, people who work their lifetimes under social security at low wages—the minimum wage or even half the minimum wage—receive a benefit based on the regular benefit formula that exceeds the minimum benefit.

Elderly poor people actually receive no extra income from the minimum benefit because their Federal assistance payments from SSI are reduced dollar for dollar on account of other sources of income.

The result is that, today, the minimum benefit provides a windfall gain to people with short work histories under social security—such as those with long periods of Government employment. This has been well documented in separate studies by the CBO and GAO. Based on GAO data, it is estimated that 450,000 minimum benefit recipients also receive Federal civil service pensions which average \$16,000 annually. Combined with the minimum social security benefit, such retired Federal employees have annual incomes over \$18,000.

It is also estimated that some 50,000 minimum beneficiaries have retired spouses who receive \$18,500 a year in

Federal pension income. The average annual retirement income for such a couple exceeds \$21,000.

Yet another group of minimum benefit recipients, approximately 300,000, have working spouses. According to GAO, the combined income for these couples—earnings plus the minimum benefit—is at least \$23,000 annually.

To sum up, the relevant data indicate that up to 800,000 current minimum beneficiaries have total incomes which, on the average, exceed \$20,000. Certainly, few would consider this a poverty level income.

The only real controversy surrounds the elimination of the minimum benefit for those now receiving it—whether they too should have their benefits recalculated to reflect actual earnings in covered employment. The concern is whether or not there would be a large group of elderly poor adversely affected by this change. This, of course, is no one's intention. Our investigations to date suggest that this would not occur. Anyone who is elderly and poor, or would become poor as a result of eliminating the minimum benefit, is eligible to receive SSI.

For them, Federal assistance payments would rise dollar for dollar to offset any loss of social security income. The available evidence suggests that more than a million of the 3 million minimum benefit recipients will be protected from a decline in their incomes by SSI. The incomes of another million beneficiaries are protected by the fact that they are entitled to more than one social security benefit. In the event one benefit is reduced, the other one is there to make up the difference nearly dollar for dollar.

Two special provisions contained in the reconciliation bill make it even more certain that the elderly poor will not be adversely affected. Under a provision added by the Finance Committee, anyone 60 to 64 who meets the SSI eligibility requirements, would be eligible for a special SSI payment even though they are not yet 65. To insure that they experience no reduction in income, the amount of this payment would be equal to the difference between the minimum benefit they had been receiving and their newly calculated benefit. This means that no minimum beneficiaries 60 or older who are poor must experience a loss of income.

The reconciliation bill also includes a provision that instructs the Social Security Administration to give early notice to recipients who may experience a reduction in benefits. This notice will advise recipients to contact their local social security offices for information on new benefit amounts and eligibility for SSI. This is intended to provide ample time for recipients to contact these offices and be informed of the availability of SSI.

The proposal to eliminate the minimum benefit has been carefully studied in the Finance Committee since it was first recommended by the President in February. For the committee, the facts spoke for themselves, and we adopted the proposal, as did the Senate and the House in their respective reconciliation bills.

To be certain that no unintended side-effects or inequities will be created by eliminating the minimum benefit, we will continue to study the provision during the August recess and hold hearings on the subject in September. If it becomes apparent that the truly needy will be inadvertently harmed by the provision, it will be modified when the Finance Committee meets again.

Since the elimination does not become effective until December, for new recipients, and until March, for current recipients, we will have the opportunity to refine elements of the current provision, where necessary, at the same time we deal with the very serious social security financing problem.

Mr. BAKER. One of the burdens of leadership in the Senate on both sides of the aisle is to attempt to act in a way that serves the ultimate best interests not only of the Members of this community of Senators, but of this Nation.

In the course of the discharge of that responsibility, it is often necessary to meet with Members on both sides of the aisle to try to make arrangements and agreements on how difficult, tedious, and emotional issues will be dealt with.

A good part of my day yesterday was spent in such a meeting with the distinguished Speaker of the House of Representatives; the chairman of the Rules Committee of the House of Representatives, Congressman RICHARD BOLING; the majority leader of the House of Representatives; the minority leader of the House of Representatives; the minority whip; the chairman of the Budget Committee, and others. Because, at that time, we were on notice that there would be an effort in the Rules Committee of the House of Representatives to attach this measure to the reconciliation conference report as an amendment to be voted on together and that the rule would not have permitted that conference report to have been voted on and dealt with by this Congress before the August recess unless it included this provision.

I must say, in respect to the Speaker of the House and to Congressman BOLING and others, that we mutually agreed that that should not be the result; that the Congress should act on this measure and do so in a rational and reasonable way. It was decided that there would be a rule in the House today which would provide for two measures instead of one, the conference report and a separate bill dealing with social security minimum benefits.

But it was also clearly understood in that conversation that when that bill—not an amendment to the conference report, not a concurrent resolution, not anything else—but when that bill reached the Senate that it would, indeed, be referred to committee.

All I have said has no bearing on the rights of the Senator from Michigan or the Senator from Massachusetts or the Senator from Ohio or the Senator from California or the Senator from New York. It is to simply tell you the negotiations that went on by the leadership as trustees of the responsibility to operate this body.

Now, if I understand what the distinguished Senator from Michigan has said, he intends to try to produce a rollcall on this issue. He knows, because I have told him, he knows, because it was made clear in a meeting on yesterday, that there would be a unanimous-consent request to proceed to the immediate consideration of this measure and that I would object to it, not because I think there is no need to address the issue of minimum social security benefits, but because this is the way we must transact the business of the Senate in an orderly way and address this question on some basis that bears rational relationship to the issues involved—by referring it to committee.

Mr. President, I do not know what the Senator has in mind. Presumably, he is going to make his unanimous consent request, and certainly I will object to it. But if he attempts to produce a rollcall vote on this issue or an issue related to it, may I simply suggest to my friend that he has every right to do that. He has every right to do that. He has every right to do that. But my friend is also at variance with what Members on both sides of this aisle have agreed was the orderly procedure for trying to dispose of this issue at this time and for the time being.

Mr. President, I have said, the President has said, Congressman MICHEL has said, many have said, and I now repeat, that this issue must be addressed—the question of minimum social security benefits. There are men and women in great need who receive these benefits, but there are others who are not in need and who are a burden on the system unjustly. It is necessary that we address that question as carefully as the system of the Senate will permit.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, I will say in the time remaining to me that if the House can act today, the Senate can act today. I think the question here is whether 3 million elderly Americans are worth 15 minutes worth of time that it takes for a rollcall vote on this floor. That is what it takes to vote here.

I plead with my Republican friend to reconsider whatever agreements were made yesterday. Staying here for 15 minutes to vote on this issue is not going to inconvenience anybody. I think it is wrong to leave those 3 million people out there worrying for the next month while we are off on vacation. I think it is wrong. We ought to vote on it.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired.

Mr. RIEGLE. Mr. President, I ask unanimous consent that the bill that is at the desk, H.R. 4331, be called up now and voted on at this time.

Mr. BAKER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MOYNIHAN addressed the Chair. Mr. BAKER. Mr. President, I suggest the absence of a quorum.

Mr. President, I withhold the request in deference to the Senator from New York.

Mr. MOYNIHAN. Mr. President, on be-

half of Senators KENNEDY, RIEGLE, and myself, I move that the Senate proceed to the immediate consideration of H.R. 4331, the bill to restore the minimum benefit under social security.

The PRESIDING OFFICER. Under rule XIV, paragraph 3, no bill from the House of Representatives may be considered or debated on the day it is received unless by unanimous consent.

Mr. MOYNIHAN. Mr. President, is that the ruling of the Chair?

The PRESIDING OFFICER. Is there objection to the request of the Senator?

Mr. BAKER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I recognize that my colleagues want a vote on this measure. I think there ought to be a vote on this measure. I support the measure.

But there are two considerations that I am compelled to mention. One, I asked the distinguished majority leader, I believe it was on yesterday, as to whether or not there would be anything else that would be called up before the August recess, other than the tax conference report, the reconciliation conference report, and the HUD appropriation bill. He assured me there would not be.

Now, a lot of Senators may have made their plans on the basis of that promise.

Second, the motion has been ruled by the Chair to be out of order. As one who has acted as the majority leader of this body for 4 years, I have to maintain that it is clearly out of order. That is what I would maintain if I were majority leader. I cannot maintain anything else under the present circumstances.

I would hope that we could avoid this controversial vote at this time, which is not going to accurately reveal the sentiments of at least one Senator here. Myself—I can only speak for myself—I support the measure. But I cannot vote to overrule the Chair in this circumstance when the motion is clearly, and beyond any doubt, out of order.

Mr. President, I ask the distinguished majority leader if he would—and I know before I ask the question that it is within the rights of any Senator under rule XIV to initiate action that will force this bill on the Calendar after an adjournment over to a new legislative day—I wonder if the distinguished majority leader would consider letting this bill go to the Calendar and setting a date next Tuesday or next Monday, when we could move to take up the bill and have a vote on it so that my colleagues would get the vote that they want and we would not have to prostitute the rules of the Senate in order to attempt to force a vote at this time, which is not going to accurately reveal at least one Senator's sentiments on this question. If the distinguished majority leader could find it in his heart to do that, I would personally very much appreciate it.

Mr. BAKER. Will the Senator yield?  
Mr. ROBERT C. BYRD. I yield.

Mr. BAKER. Mr. President, as much as I would like to accommodate the minority leader, I cannot. I recited earlier the long and difficult negotiations undertaken yesterday on how this matter would be handled in both Houses. If for no other reason than that I feel obligated to abide by the arrangements that were worked out at that time, I would not be prepared now to agree by unanimous consent to proceed now or to set a time certain next week.

What I am prepared to say is that if this goes to committee, as I indicated yesterday in our meetings and have said today and repeat now, when this goes to committee I am confident that there will be action on it. I will insist. But, Mr. President, this, I believe, is an effort to force a vote on a collateral issue for the sake of having a vote. I simply cannot agree to that, Mr. President.

I must tell my friend, the minority leader, with great reluctance that I feel obligated to stand by commitments I made in this body and in the other body yesterday. I cannot do that.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 1 additional minute.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, there is another way of going about this, even though I am sure we will be unsuccessful in the effort—as indeed it may be unsuccessful in the long run in the pending approach. I know that the distinguished majority leader and all of my colleagues will understand if I should later resort to another approach by which at least the Senate would have an opportunity to vote on the measure, although indirectly.

Mr. MOYNIHAN. Mr. President, with great reluctance, I cannot accede to the recent request of the majority and minority leaders. They know the respect in which they are held by this Member and all Members.

I respectfully appeal the ruling of the Chair and ask for the yeas and nays.

The PRESIDING OFFICER. The Chair has not ruled. The Chair read rule XIV for the benefit of the Members.

Mr. MOYNIHAN. Was that the ruling of the Chair? Perhaps the Chair will be kind enough to inform the Senator.

The PRESIDING OFFICER. The Chair previously stated under rule XIV, paragraph 3, that no bill from the House of Representatives shall be considered or debated on the day it is received unless by unanimous consent.

The Chair inquired if there was objection and an objection was lodged.

Mr. MOYNIHAN. Mr. President, I move the immediate consideration of the matter and was informed by the Chair that we could not proceed. There was a ruling by the Chair and I ask that the ruling be appealed. That is not an unusual proceeding. I ask for the yeas and nays.

The PRESIDING OFFICER. Does the Senator claim that his motion is in order?

Mr. MOYNIHAN. I claim that my motion is in order.

The PRESIDING OFFICER. The

Chair rules that the motion of the Senator is not in order.

Mr. MOYNIHAN. I respectfully appeal the ruling of the Chair and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question, is shall the decision of the Chair stand as the judgment of the Senate? On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE) and the Senator from Connecticut (Mr. WEICKER), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from North Dakota (Mr. BURDICK), the Senator from Nevada (Mr. CANNON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Montana (Mr. MELCHER), the Senator from Maine (Mr. MITCHELL), the Senator from Tennessee (Mr. SASSER), and the Senator from Nebraska (Mr. ZORINSKY) are necessarily absent.

Mr. INOUE (after having voted in the affirmative). Mr. President, on this vote, I voted "yea." If the distinguished Senator from Tennessee (Mr. SASSER) were here, he would vote "nay." Therefore, I withdraw my vote.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 57, nays 30, as follows:

[Rollcall Vote No. 248 Leg.]

YEAS—57

Abdnor	Grassley	Packwood
Andrews	Hart	Percy
Armstrong	Hatch	Presler
Baker	Hatfield	Proxmire
Boren	Hawkins	Quayle
Boschwitz	Hayakawa	Roth
Byrd	Helms	Rudman
Harry F., Jr.	Helms	Schmitt
Byrd, Robert C.	Humphrey	Simpson
Chafee	Jepsen	Specter
Cochran	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Laxalt	Stevens
Denton	Long	Symms
Dole	Lugar	Thurmond
Domenici	Mathias	Tower
Durenberger	Mattingly	Tower
East	Murkowski	Wallop
Garn	Nickles	Warner
Gorton	Nunn	

NAYS—30

Baucus	Eron	Matsunaga
Bentsen	Ford	Metzenbaum
Biden	Glenn	Moynihhan
Bradley	Hefflin	Pell
Chiles	Huddleston	Pryor
Cranston	Jackson	Randolph
DeConcini	Johnston	Riesle
Dixon	Kennedy	Sarbanes
Dodd	Leahy	Tsongas
Eagleton	Levin	Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Inouye, for.

NOT VOTING—12

Bumpers	Goldwater	Mitchell
Burdick	Hollings	Sasser
Cannon	McClure	Weicker
Cohen	Melcher	Zorinsky

So the ruling of the Chair was sustained as the judgment of the Senate.

Mr. ROBERT C. BYRD. Mr. President, I shall not detain the Senate for very long. I wish to make clear for the record—because I am hearing various questions that are being asked and I think quite properly so—that I was not a participant in the meeting to which the distinguished majority leader referred a moment ago during which certain agreements were reached, and I only wish to say that for the record.

Mr. BAKER. Mr. President, if the minority leader will yield to me, I think he will acknowledge that I did not include his name among them.

Mr. ROBERT C. BYRD. No, not at all. The majority leader did not, nor did he so imply as much.

Mr. President, there is a procedure whereby this measure can be voted on. I do not have any illusions that it will be voted on tonight or in the very near future—with respect to this particular bill at least. But under rule XIV the measure can be put on the calendar and once there, and with passage of two new legislative days, a motion can be made to proceed to this measure.

Of course, if a majority of Senators would vote to uphold such a motion to proceed then the matter would be before the Senate. That is an orderly way in which to proceed.

I do not think I will succeed but at least I have the conviction that I should try.

So, Mr. President, I ask that the clerk proceed to read the bill for the first time.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4341), to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the second reading of the bill.

THE PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. BAKER. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, I make the next motion, with an apology to the distinguished majority leader. I know that I will fail. I always maintained as majority leader that it is the majority leader who has the responsibility to make the motion to adjourn, but it is within the right of any Senator to make that motion, and during my tenure as majority leader and during my tenure as majority whip there were Senators from time to time on the other side who made the motion to adjourn. My argument always was that that is the majority party's prerogative and the majority leader's prerogative, but it is not necessarily a right that reposes only in the majority leader.

So I am going to make that motion to adjourn for the simple reason that by adjourning, if a majority of Senators support the motion, the Senate will then

be in a new legislative day when it resumes its meeting and in that new legislative day under rule XIV the measure, which I have just asked for second reading on, would get that second reading automatically at the close of morning business and then, with the proper objection to further consideration of the measure, it would automatically go on the calendar and then, of course, with another adjournment over in a subsequent calendar day it would be in order to move to take up the measure from the calendar.

I have no illusions that I have the votes to do this, but at least it is a procedure whereby the Senate can, in an orderly way and under the rules, get to a vote on the measure.

Mr. President, the Parliamentarian has pointed out to me that this is the 31st day of July and that it is necessary to adopt a certain concurrent resolution at this time.

So if the distinguished majority leader wishes to take up this concurrent resolution now, I yield the floor for that purpose.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it so ordered.

The majority leader is recognized.

Mr. BAKER. Mr. President, of course, the minority leader is right, and we must pass House Concurrent Resolution 164 before we can proceed further.

But in all candor, I must say that the only thing that I can see that we would do if we make an issue out of this is perhaps create another rollcall vote. I have no desire to do that. I must tell you in all frankness I had no desire to create the last one.

tor from Tennessee (Mr. SASSER), and the Senator from Nebraska (Mr. ZORINSKY) are absent on official business.

I further announce that, if present and voting, the Senator from Tennessee (Mr. SASSER) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 37, nays 49, as follows:

[Rollcall Vote No. 249 Leg.]

YEAS—37

Baucus	Ford	Metzenbaum
Bentsen	Glenn	Moynihan
Biden	Hart	Nunn
Boren	Heflin	Pell
Bradley	Huddleston	Pryor
Byrd, Robert C.	Inouye	Randolph
Chiles	Jackson	Riegle
Cranston	Johnston	Sarbanes
DeConcini	Kennedy	Stennis
Dixon	Leahy	Tamgas
Dodd	Levin	Williams
Eagleton	Long	
Exon	Mataunaga	

NAYS—49

Abdnor	Gorton	Packwood
Andrews	Hatch	Percy
Armstrong	Hatfield	Pressler
Baker	Hawkins	Proxmire
Bochwits	Hayakawa	Quayle
Byrd,	Heins	Roth
Harry F., Jr.	Heins	Rudman
Chafee	Humphrey	Schmitt
Cochran	Jepson	Simpson
D'Amato	Kassebaum	Stafford
Danforth	Kasten	Stevens
Denton	Laxalt	Symms
Dole	Lugar	Thurmond
Domenici	Mathias	Tower
Durenberger	Mattingly	Wallop
East	Murkowski	Warner
Garn	Nickles	

NOT VOTING—14

Bumpers	Grassley	Sasser
Burdick	Hollings	Specter
Cannon	McClure	Weicker
Cohen	Melcher	Zorinsky
Goldwater	Mitchell	

MOTION TO ADJOURN FOR 1 MINUTE

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in adjournment for 1 minute.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Iowa (Mr. GRASSLEY), the Senator from Idaho (Mr. McCLURE), the Senator from Pennsylvania (Mr. SPECTER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from North Dakota (Mr. BURDICK), the Senator from Nevada (Mr. CANNON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Montana (Mr. MELCHER), the Senator from Maine (Mr. MITCHELL), the Sena-

So Mr. ROBERT C. BYRD'S motion to adjourn for 1 minute was rejected.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. ROBERT C. BYRD. Mr. President, the motion to adjourn having failed, is it not true that under rule XIV, the bill, H.R. 4331, will be placed on the calendar at the close of morning business on the next new legislative day, which will require an adjournment, once the second reading has occurred, which will be automatic, and objection to any further proceedings has been placed thereto?

The PRESIDING OFFICER. The Senator is correct. The Chair will state for the Record that the bill, having been read the first time, shall remain at the desk pending the second reading the next legislative day.

Mr. ROBERT C. BYRD. I thank the Chair.

Then once on the calendar, of course, it is a candidate for a motion to proceed to its consideration.

The PRESIDING OFFICER. Once it has been on the calendar for 1 legislative day.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, there is

no doubt that, when the time comes and we have completed our work, there will be, indeed, a resolution of adjournment. It is my fond hope that it will occur very fast and we can get on with the business at hand.

At that time, Mr. President, there will be an opportunity for Members to consider the future course of action that they may wish to proceed or pursue on both sides of the aisle on this measure. After we have returned from the recess, and after the requirements of rule XIV and the other Rules of the Senate are complied with, of course the minority leader can move to take up the measure on the calendar. But perhaps by that time the Senate Finance Committee may have other things to say on this subject, as well.

I would only—and this is not meant to reopen the argument or to prolong the debate—I would only reiterate what I began with weeks ago. I suggested in public and on the floor that this issue should be addressed, but not in reconciliation. It will be addressed. It will be addressed in committee.

I assure Members on both sides of the aisle that I do not intend to see that this issue is laid aside, but that it is dealt with. I also must say, Mr. President, I do not intend to agree to consider this motion.

Mr. President, there are two other matters that I would like to take up. I would like to invite the attention of the minority leader, if I may, to another House message which is at the desk, House Concurrent Resolution 167, concerning the correction of the enrollment of H.R. 3982, the budget reconciliation bill.

If the distinguished minority leader has no objection, I would like to proceed to dispose of that remnant of the bill.

Mr. ROBERT C. BYRD. Mr. President, that is the resolution making technical corrections, I believe, to which Senator HOLLINGS referred in his discussions with me and I believe in the presence of Mr. DOMENICI. Am I correct?

Mr. DOMENICI. The Senator is correct.

Mr. ROBERT C. BYRD. There is no objection.

Mr. DOMENICI. It has been checked out with minority and majority staffs on both sides of the aisle. It had already been so cleared on the House side. That is what the resolution does. Technical errors in the reconciliation are cured.

Mr. ROBERT C. BYRD. May I say further, Mr. President, that the staff lady to whom Mr. HOLLINGS assigned the checking out of those corrections has reported to me and I have no objection. I know that I am proceeding in accordance with the wishes of Mr. HOLLINGS, who is the ranking manager on this side.

Mr. BAKER. Mr. President, I thank the minority leader and I thank the distinguished chairman of the Budget Committee.

---

**RESTORATION OF MINIMUM SOCIAL  
SECURITY BENEFITS**

The **PRESIDING OFFICER**. Under the previous order, the Senate will resume consideration of the unfinished business, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The Senate resumed the consideration of the bill.





The PRESIDING OFFICER. The Senator from Kansas.

UP AMENDMENT NO. 478

(Purpose: To provide for interfund borrowing among the Social Security Trust Funds, to restore the minimum benefit for certain individuals, and for other purposes)

Mr. DOLE. Mr. President, I send an amendment to the desk in the nature of a substitute and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 478.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

INTERFUND BORROWING

SECTION 1. Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(1) (1) If at any time prior to January 1991 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, the Managing Trustee may borrow such amounts which he determines to be appropriate from either such Trust Fund for transfer to and deposit in the other such Trust Fund.

"(2) In any case where a loan has been made under paragraph (1), there shall be transferred from time to time, from the borrowing Trust Fund to the lending Trust Fund, interest with respect to the unpaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (d).

"(3) If in any month after a loan has been made under paragraph (1), the Managing Trustee determines that the assets of the borrowing Trust Fund are sufficient to permit repayment of all or part of any loans made under paragraph (1), he shall make such repayments as he determines to be appropriate.

"(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection."

REALLOCATION OF SOCIAL SECURITY TAXES AND ADJUSTMENTS IN ALLOCATION OF RECEIPTS

SEC. 2. (a) (1) Section 3101(a) of the Internal Revenue Code of 1954 is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:

"(5) with respect to wages received during the calendar year 1982, the rate shall be 5.90 percent;

"(6) with respect to wages received during the calendar year 1983, the rate shall be 5.70 percent;

"(7) with respect to wages received during the calendar year 1984, the rate shall be 5.45 percent;

"(8) with respect to wages received during calendar year 1985, the rate shall be 5.60 percent;

"(9) with respect to wages received during the calendar years 1990 through 2004, the rate shall be 5.70 percent;

"(10) with respect to wages received during the calendar years 1990 through 2000, the rate shall be 6.90 percent; and

"(11) with respect to wages received after December 31, 2004, the rate shall be 6.20 percent."

(2) Section 3111(a) of such Code is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:

"(5) with respect to wages paid during the calendar year 1982, the rate shall be 5.90 percent;

"(6) with respect to wages paid during the calendar year 1983, the rate shall be 5.70 percent;

"(7) with respect to wages paid during the calendar year 1984, the rate shall be 5.45 percent;

"(8) with respect to wages paid during the calendar year 1985, the rate shall be 5.60 percent;

"(9) with respect to wages paid during the calendar years 1986 through 1989, the rate shall be 5.70 percent;

"(10) with respect to wages paid during the calendar years 1990 through 2004, the rate shall be 5.90 percent; and

"(11) with respect to wages paid after December 31, 2004, the rate shall be 6.20 percent."

(3) Section 1401(a) of such Code is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:

"(5) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1983, the tax shall be equal to 8.55 percent of the amount of the self-employment income for such taxable year;

"(6) in the case of any taxable year beginning after December 31, 1982, and before January 1, 1984, the tax shall be equal to 8.35 percent of the amount of the self-employment income for such taxable year;

"(7) in the case of any taxable year beginning after December 31, 1983, and before January 1, 1985, the tax shall be equal to 8.10 percent of the amount of the self-employment income for such taxable year;

"(8) in the case of any taxable year beginning after December 31, 1984, and before January 1, 1986, the tax shall be equal to 8.45 percent of the amount of the self-employment income for such taxable year;

"(9) in the case of any taxable year beginning after December 31, 1985, and before January 1, 1990, the tax shall be equal to 8.55 percent of the amount of the self-employment income for such taxable year;

"(10) in the case of any taxable year beginning after December 31, 1989, and before January 1, 2005, the tax shall be equal to 9.00 percent of the amount of the self-employment income for such taxable year; and

"(11) in the case of any taxable year beginning after December 31, 2004, the tax shall be equal to 9.30 percent of the amount of the self-employment income for such taxable year."

(b) (1) Section 3101(b) of the Internal Revenue Code of 1954 is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1981, the rate shall be 1.30 percent;

"(5) with respect to wages received during the calendar year 1982, the rate shall be 0.80 percent;

"(6) with respect to wages received during the calendar year 1983, the rate shall be 1.00 percent;

"(7) with respect to wages received during the calendar year 1984, the rate shall be 1.25 percent;

"(8) with respect to wages received during the calendar years 1985 through 1989, the rate shall be 1.45 percent;

"(9) with respect to wages received during the calendar years 1990 through 2004, the rate shall be 1.75 percent; and

"(10) with respect to wages received after December 31, 2004, the rate shall be 1.45 percent."

(2) Section 3111(b) of such Code is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1981, the rate shall be 1.30 percent;

"(5) with respect to wages paid during the calendar year 1982, the rate shall be 0.80 percent;

"(6) with respect to wages paid during the calendar year 1983, the rate shall be 1.00 percent;

"(7) with respect to wages paid during the calendar years 1984, the rate shall be 1.25 percent;

"(8) with respect to wages paid during the calendar years 1985 through 1989, the rate shall be 1.45 percent;

"(9) with respect to wages paid during the calendar years 1990 through 2004, the rate shall be 1.75 percent; and

"(10) with respect to wages paid after December 31, 2004, the rate shall be 1.45 percent."

(3) Section 1401(b) of such Code is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1982, the tax shall be equal to 1.30 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1983, the tax shall be equal to 0.80 percent of the amount of the self-employment income for such taxable year;

"(6) in the case of any taxable year beginning after December 31, 1982, and before January 1, 1984, the tax shall be equal to 1.00 percent of the amount of the self-employment income for such taxable year;

"(7) in the case of any taxable year beginning after December 31, 1983, and before January 1, 1985, the tax shall be equal to 1.25 percent of the amount of the self-employment income for such taxable year;

"(8) in the case of any taxable year beginning after December 31, 1984, and before January 1, 1990, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year;

"(9) in the case of any taxable year beginning after December 31, 1989, and before January 1, 2005, the tax shall be equal to 1.75 percent of the amount of the self-employment income for such taxable year; and

"(10) in the case of any taxable year beginning after December 31, 2004, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year."

(c) Section 201(b)(1) of the Social Security Act is amended by striking out clauses (K) through (M) and inserting in lieu thereof the following: "(K) 1.43 per centum of the wages (as so defined) paid after December 31, 1981, and before January 1, 1983, and so reported, (L) 1.33 per centum of the wages (as so defined) paid after December 31, 1982, and before January 1, 1984, and so reported, (M) 1.19 per centum of the wages (as so defined) paid after December 31, 1983, and before January 1, 1986, and so reported, (N) 1.20 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 1990, and so reported, and (O) 1.50 per centum of the wages (as so defined) paid after December 31, 1989, and so reported."

(d) Section 201(b)(2) of the Social Security Act is amended by striking out clauses

(K) through (M) and inserting in lieu thereof "(K) 1.035 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1981, and before January 1, 1983, (L) 0.975 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1982, and before January 1, 1984, (M) 0.885 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1983, and before January 1, 1985 (N) 0.900 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1984, and before January 1, 1990, (O) 1.145 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1989, and before January 1, 2005, and (O) 1.125 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2004."

**RESTORATION OF MINIMUM BENEFIT FOR CURRENT RECIPIENTS**

Sec. 3. (a) Section 2201(h) of the Omnibus Budget Reconciliation Act of 1981 is amended to read as follows:

"(h) (1) Except as provided in paragraph (2), and in section 203(n) of the Social Security Act, this section and the amendments made thereby shall be effective only with respect to benefits payable for months after October 1981, and only in the case of persons who are eligible for benefits under title II of the Social Act on the basis of the wages and self-employment income of an individual who initially becomes eligible for old-age or disability insurance benefits after October 1981, or who dies after October 1981 and was not initially eligible for old-age or disability insurance benefits before November 1981.

"(2) In the case of an individual who is a member of a religious order (within the meaning of section 3121(r) (2) of the Internal Revenue Code of 1954), or an autonomous subdivision of such order, whose members are required to take a vow of poverty, and which order or subdivision had elected coverage under this Act prior to the date of the enactment of this paragraph, or who would be such a member except that such individual is considered retired because of old age or total disability, this section and the amendments made thereby shall be effective only with respect to benefits payable for months after October 1981, and only in the case of persons who are not eligible for benefits under title II of the Social Security Act on the basis of the wages and self-employment income of such an individual who dies or initially becomes eligible for old-age or disability insurance benefits before November 1981.

"(3) For purposes of this subsection, eligibility for old-age and disability insurance benefits shall be determined in accordance with paragraphs (2) (A) and (3) (B) of section 215(a) of the Social Security Act."

(b) (1) Section 203 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"Reduction in Benefits for Certain Recipients of the Minimum Benefit Who Receive Governmental Pension System Benefits

"(m) (1) Any individual—

"(A) to whom the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) do not apply;

"(B) who is entitled to a monthly benefit under this title, the amount of which, as determined without regard to deductions on account of work otherwise required under this section, would be reduced for any month if the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of

1981 (relating to the repeal of the minimum benefit) were applicable with respect to such individual; and

"(C) to whom there is payable for the month of May 1982 a monthly periodic benefit or benefits in a total amount of \$300 or greater which is based upon such individual's earnings while in the service of the Federal Government or any State, as defined in section 210(h) (or a political subdivision thereof, as defined in section 218(b)(2)), or an instrumentality of two or more States, shall, for any month for which the monthly periodic benefit or benefits described in subparagraph (C) continue to be payable, be subject to a benefit reduction under paragraph (2);

"(2) The amount of the benefit to which an individual described in paragraph (1) is otherwise entitled for such month under this title, as determined without regard to deductions on account of work otherwise required by this section, shall be reduced by an amount equal to so much of the total monthly periodic benefits (described in paragraph (1)(C)) payable to such individual for the month of May 1982 as exceeds \$300 (rounded to the next higher multiple of \$1 if not a multiple of \$1), but in no event shall the monthly benefit under this title be reduced by reason of this subsection to an amount less than the amount to which such individual would be entitled if the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) were applicable to such individual.

"(3) For purposes of this subsection, any periodic benefit which is paid on other than a monthly basis, shall be allocated on a basis equivalent to a monthly benefit (as determined by the Secretary) and such equivalent monthly benefit shall constitute a monthly periodic benefit for purposes of this subsection. For purposes of this subsection, the term 'periodic benefit' includes a benefit payable in a lump sum if it is a commutation of, or a substitute for, periodic payments.

"(4) The provisions of this subsection shall not apply to any person who, for the month of May 1982, is entitled to monthly insurance benefits under this title on the basis of the wages and self-employment income of more than one individual.

"Reductions in Benefits for Recipients of Minimum Benefit Who Reside Outside the United States

"(n) Section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) and the amendments made thereby shall be effective with respect to benefits payable for any month after May 1982 in the case of a person who, during such month, is not a resident of the United States (as defined in section 210 (1)), and who was eligible for benefits under this title on the basis of the wages and self-employment income of an individual who died or initially became eligible for old-age or disability insurance benefits before November 1981."

(2) The amendment made by paragraph (1) shall be effective with respect to monthly benefits payable under title II of the Social Security Act for June 1982 and months thereafter.

(c) Section 1623 of the Social Security Act is repealed.

(d) Subparagraph (A) of section 6103 (1) (1) of the Internal Revenue Code of 1954 (relating to disclosure of certain information to Social Security Administration and Railroad Retirement Board) is amended by inserting "and payments of retirement income." after "chapters 2, 21, and 24."

**EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY**

Sec. 4. (a) Section 209(b) (2) of the Social Security Act and Section 3121(a) (2) (B) of

the Internal Revenue Code of 1954 are each amended by inserting immediately after "sickness or accident disability" the following: "(but not including any such payment that is made directly to such employee from the regular wage or salary account of such employer)".

(b) The amendments made by subsection (a) shall be effective with respect to remuneration paid after December 31, 1981.

**EXTENSION OF DISABILITY INSURANCE MAXIMUM FAMILY BENEFIT TO OLD-AGE AND SURVIVORS INSURANCE BENEFICIARIES**

Sec. 5. (a) Section 203 (a) of the Social Security Act is amended—

(1) by striking out paragraph (6);

(2) by redesignating paragraphs (1), (2), (3), (4), and (5), as paragraphs (2), (3), (4), (5), and (6), respectively; and

(3) by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1)(A) The total monthly benefits to which beneficiaries may be entitled under section 202 or 223 for a month (but prior to any increases resulting from the application of paragraph (2)(A)(II)(III) of section 215(1)) on the basis of the wages and self-employment income of an individual whose primary insurance amount has been computed or recomputed under paragraph (1) or (4) of section 215(a), or under section 215(d), as in effect after December 1978, shall, except as otherwise provided by this subsection, be reduced to the smaller of—

"(i) 85 percent of such individual's average indexed monthly earnings (or 100 percent of his primary insurance amount, if larger), or

"(ii) 150 percent of such individual's primary insurance amount.

Any such amount that is not a multiple of \$0.10 shall be decreased to the next lowest multiple of \$0.10.

"(B) Subparagraph (A) shall not apply to benefits based on the wages and self-employment income of an individual—

"(i) who dies before 1982;

"(ii) who attains age 62 before 1982, except with respect to benefits payable during an entitlement to disability insurance benefits of an individual whose initial entitlement to such benefits occurred after June 1980; or

"(iii) who, in the case of an individual who attains age 62, or dies before attaining age 62, after 1981, became entitled to disability insurance benefits before July 1980, and was entitled to disability insurance benefits in any month after June 1980 and before January 1982 (unless the individual is not entitled to such benefits during a period of more than 12 consecutive months, after December 1980, before he dies, again becomes disabled, or attains age 62 whichever first occurs)."

(b) (1) Paragraph (2) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act is amended—

(A) in the matter preceding subparagraph (A), by—

(i) inserting "to whom paragraph (1) does not apply, and" after "In the case of an individual";

(ii) inserting after "section 202 or 223 for a month" the parenthetical phrase "(but prior to any increases resulting from the application of paragraph (2)(A)(II)(III) of section 215(1))", and striking out that phrase as it appears elsewhere in such paragraph; and

(iii) striking out "except as provided by paragraphs (3) and (6)" and inserting in lieu thereof "except as otherwise provided by this subsection"; and

(B) by striking out "paragraph (2)" each place it appears in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "paragraph (3)".

(2) Paragraph (3) (A) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act as amended to read as follows:

"(3) (A) or individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming so eligible for those benefits), in calendar year 1979, 1980, or 1981—

"(i) the amounts established with respect to subparagraph (A) of paragraph (2) are \$230, \$248, or \$270, respectively;

"(ii) the amounts established with respect to subparagraph (B) of paragraph (2) are \$332, \$358, or \$390, respectively; and

"(iii) the amounts established with respect to subparagraph (C) of paragraph (2) are \$433, \$467, or \$508, respectively."

(3) Paragraph (3) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act is further amended by striking out subparagraphs (B) and (C) and by redesignating subparagraph (D) as subparagraph (B).

(c) Section 203(a)(9)(C) of such Act is amended by striking out "section 203(a)(4)" and inserting in lieu thereof "paragraph (5)".

(d) Section 215(1)(2)(D) of such Act is amended—

(1) by striking out "paragraph (3)(B) thereof" and inserting in lieu thereof "paragraph (4)(B) thereof"; and

(2) by striking out the last sentence thereof.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. It is my understanding that this substitute would be amendable in the second degree.

The PRESIDING OFFICER. It will be amendable in two degrees.

Mr. DOLE. The point I make is that there may be Members who have amendments. I would say to those who may be listening, or members of their staffs who may be listening, that we are prepared to do business. I have a brief opening statement on the nature of what the Finance Committee accomplished, and I think the Senator from New York has some comments to make. I am certain others will wish to speak.

For those who have amendments to offer, I suggest that within the next 20 to 30 minutes we will probably be in a position to consider those amendments.

By unanimous vote on September 24, the Finance Committee approved a social security amendment that has been offered to H.R. 4331. The amendment makes several changes in social security that would help insure the retirement fund can meet benefit payments next year and that would also allow for a nearly complete restoration of the minimum benefit for those currently on the rolls.

First, the committee amendment would reallocate the social security tax among the three trust funds. Keeping the overall social security tax rate the same as under current law, old age and survivors' insurance tax would be increased, the disability insurance tax would be decreased, and the hospital insurance tax would be decreased through 1985, then subsequently increased.

In order to provide additional flexibility in meeting benefit obligations over the next 10 years, the proposal would also give the managing trustee, the Secretary of Treasury, authority to borrow be-

tween the OASI and DI funds. This interfund borrowing authority would expire at the end of 1990 and it would involve only the two cash benefit funds.

Second, the amendment would restore the minimum benefit for most people on the benefit rolls who were scheduled to have their benefits recalculated next March. Under the committee amendment, the minimum benefit would be restored for all people eligible for benefits before November 1981. Minimum beneficiaries with governmental pensions would have their minimum benefits reduced dollar for dollar for the portion of their governmental pension above \$300, but not below the amount of the benefit based on their actual earnings. According to the Social Security Administration, 2.7 million of the 3 million minimum beneficiaries would continue to receive the full minimum benefit.

For members of religious orders who have taken a vow of poverty and who were first covered under the social security program as a result of amendments adopted in 1972, the amendment would defer the elimination of the minimum benefit for future recipients for a period of 10 years.

The committee amendment would achieve trust fund savings by extending the disability maximum family benefit formula to retirement and survivor cases, for workers reaching age 62 or dying after 1981. Additional revenues would be generated by a provision that removes the exclusion of certain sick pay from social security taxes during the first 6 months the employee is off work.

In all, the committee amendment provides a much needed and widely supported mechanism for insuring the solvency of the retirement fund in the near term. It also restores the minimum benefit in a fair and equitable way without worsening the condition of the trust funds. I urge my colleagues to support the committee amendment.

I might remind my colleagues, of course, that this amendment is by no means an answer to social security's financing needs.

I might say, as an aside, that there has been some feeling that we ought to just provide for interfund borrowing and reallocation of the tax, and our worries will be over.

Well, maybe our worries would be over as Members of the Senate who may be running for reelection in the next year and maybe through 1984. But the worries will not be over for the 36 million beneficiaries who now receive benefits, or 115 million workers who now pay into social security who are counting on a stable system to be there upon their retirement.

So I would suggest that what we have done, in effect, is to indicate that there is a problem. We have indicated that we are not quite ready to come to grips with it, possibly for fear of constituent reaction. Certainly, those beneficiaries now receiving social security for the most part have a lot of misinformation, a lot of conflicting information, much of it well intentioned.

I would hope that if, in fact, this amendment is agreed to by the Senate, passed by the House and signed into law by the President, those who may read about the Senate action or hear about

the Senate action will not be under any illusion that somehow we have taken care of the social security problem. What we have done is to take the easy way out. We have taken the cosmetic approach.

Right now, we have three different accounts in social security. Two currently have surpluses, one is about to go in the red by next November. What we are proposing to do is borrow from one of the other funds, disability insurance, until they are on the verge of insolvency and, hopefully, by that time, we shall address some of the real problems in social security.

Mr. President, the passage of this proposal, it is my hope, would not stem the enthusiasm, if there is any, in Congress to move ahead immediately to address the long-term problem. I also hope it would not dampen the efforts by the administration, particularly the President, to come to grips with this problem.

The problem is not coming up with good ideas to solve the financing problem. We believe that we have a number of good ideas, coming from Democrats and Republicans. The problem is finding the courage or the will, if you please, to deal with this matter as it should be dealt with in the appropriate committees and in the full Senate and the full House.

Mr. President, I suggest that, in effect, what we have done in the committee amendment is slightly delay the day of reckoning. We have indicated that, well, we know there is a problem—some may not agree, but most everybody agrees that there is a problem—and we are going to take some time to look at that problem. Hopefully, we will solve the problem later. I certainly have confidence that we are going to address the problem and I hope we will solve it.

Mr. President, this committee amendment is not an answer to social security's financing needs.

While this amendment would certainly improve the immediate situation, it does not fundamentally deal with the fact that the system's income is not certain to meet benefit costs through the decade. Under trustees' intermediate assumptions, \$30 billion would be needed by 1990 to insure the barest level of solvency, and nearly \$80 billion would be required to restore current levels of reserves.

Over the longer term, the situation only becomes more serious. Given the chronic deficits that are expected to characterize medicare by the end of the decade, the entire system is expected to run annual deficits beginning in the 1990's.

Over the next 75 years, the system's deficit is projected to equal 29 percent of expenditures. I suggest, as I have before, that it is imperative that we continue efforts to forge a bipartisan solution to these financing problems.

#### INTERFUND TAX REALLOCATION AND BORROWING AUTHORITY

The present law allocations and the proposed changes are shown in a table I have had prepared.

I ask unanimous consent that that table, with reference to tax reallocation, be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

## PROPOSED REALLOCATION OF SOCIAL SECURITY TAX RATES FOR EMPLOYERS AND EMPLOYEES, EACH

	OASI		DI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal
1982	4.575	5.185	0.825	0.715	1.30	0.80	6.70	6.70
1983	4.575	5.035	.825	.665	1.30	1.00	6.70	6.70
1984	4.575	4.855	.825	.595	1.30	1.25	6.70	6.70
1985	4.750	5.005	.950	.595	1.35	1.45	7.05	7.05
1986-89	4.750	5.100	.950	.600	1.45	1.45	7.15	7.15
1990-2004	5.100	5.150	1.100	.750	1.45	1.75	7.65	7.65
2005 and after	5.100	5.450	1.100	.750	1.45	1.45	7.65	7.65

Mr. DOLE. Mr. President, under present law (Public Law 97-35), the minimum social security benefit is scheduled to be eliminated for all people who become eligible for benefits for the month of November 1981 and later. The minimum benefit is scheduled to be eliminated for all other beneficiaries beginning with benefits for March 1982.

The committee adopted a provision to restore the minimum benefit for all people who are eligible for benefits before November 1981 and who are residents of the United States, residents of the 50 States, District of Columbia, Puerto Rico, Guam, Virgin Islands, and American Samoa. Minimum beneficiaries with governmental pensions would have their minimum benefit reduced dollar for dollar for the portion of their governmental pension above \$300, but not below the amount of the benefit based on their actual earnings.

The Committee also agreed to defer for a period of 10 years the elimination of the minimum benefit in the case of members of religious orders who have taken a vow of poverty and who were first covered under the social security program as a result of amendments adopted in 1972.

#### EXTEND DISABILITY MAXIMUM FAMILY BENEFIT TO RETIREMENT AND SURVIVOR CASES

Under present law, Mr. President, there is a limit on the amount of monthly benefits that can be paid on the earnings record of one worker. This limit is known as the maximum family benefit (MFB). In retirement and survivor cases, the MFB ranges from 150 to 188 percent of the PIA, primary insurance amount. In disability cases, the MFB can be no more than 85 percent of the worker's average indexed monthly earnings (AIME) or 150 percent of the primary insurance amount.

The committee approved a provision to extend the present law disability maximum family benefit formula to retirement and survivor cases, for workers reaching age 62 or dying after 1981.

#### EXTEND SOCIAL SECURITY PAYROLL TAX TO FIRST 6 MONTHS OF SICK PAY

Under present law, sick pay is subject to social security taxes and is treated as covered earnings unless it is either: First, paid under a qualified plan or system, or second, paid more than 6 months after the last month the employee worked.

If the employer's plan or system is qualified, the payments are excluded regardless of whether they are made from the employer's regular wage or salary account or from a separate fund or insurance.

The committee approved a provision to remove the exclusion of sick pay under a plan or system during the first 6 months the employee is off work if the payments are made from the employer's regular wage or salary account. This provision would be effective for sick pay in January 1982 and thereafter.

Mr. President, in a very brief discussion, the Senate Finance Committee addressed the problems of social security system and we at least have agreed, by a unanimous vote of 20 to 0 in our committee, to authorize interfund borrowing, reallocation of the tax, restoration, for the most part, of the minimum benefit. We adopted two provisions to pay for that restoration, which we felt was the only responsible thing to do.

I also say that, as I am certain others will say, this is a retreat from an earlier position of the administration.

It is a recognition by the President, by others in the administration, and by those of us on the Committee on Finance—some of us, at least—that perhaps, in the reconciliation process, we may have gone too far with the minimum benefit elimination.

In view of the politicization of social security since that time, it is now the better course to follow to make a restoration of that benefit, at least a 95-percent restoration.

Finally, the Senator from Kansas indicates that it is his hope that we can move rather quickly on this amendment. It is my understanding now from the Social Security Administrator that time is of the essence as far as notifying certain people who might be affected if the minimum benefit is not restored. Hopefully, today or tomorrow, we will be able to pass this substitute without any crippling amendments. There may be some lurking out there somewhere. I hope that then we can persuade our colleagues in the House to take appropriate action very quickly.

Mr. President, I yield the floor.

(Mr. COCHRAN assumed the chair.)

Mr. MOYNIHAN. Mr. President, I rise first to respond to my friend, the respected and exceptionally able chairman of the Committee on Finance, to say that he has described the measure before us as being, in some sense, a retreat today from the original proposal. I want the first remarks I make to assert my conviction that if that is the word to be used, so be it. But it is a gracious retreat. It is a responsible change of opinion. It is the result of a legislative process which, upon consideration, brings participants to new views. Absent that, we would not have a deliberative process at all.

Mr. President, I would like to suggest what will be obvious, that the degree to which the chairman has brought this change about is reflected by the fact that we bring to the Senate a report of the Committee on Finance adopted unanimously. It is a committee that was scarcely unanimous in this matter when the process began. That it should have ended up this way is a tribute to the chairman and, I think, to the capacity of facts to change opinions in the course of deliberations in this body.

The chairman will recall, and while I do not wish to dwell on it I have a responsibility to note, at least, that this particular phase of the history of the Social Security Act begins on the 12th of May, when we received from the administration, with no advance warning, with no consultation, and with no preparation, a proposal to transform the social security system drastically in two respects.

First, to reduce benefits sharply, something that had not been done before, and certainly never contemplated at this level of reduction. For persons retiring at age 62, for example, benefits would be reduced by 40 percent, taking them from 80 percent of the full benefit they would receive at age 65 to 49 percent and—not to bring too many ratios into this discourse—leaving such a retiree with an average replacement rate, as we say, of 19 percent of earning. In effect, this formalizes a retirement in which social security benefits would be below the poverty line. This is not to say that many retirees would not have other retirement benefits coming, but many would not.

It remains the case that only about half of the people retiring in our country have any other pension with which to supplement social security. About half live on social security and nothing else. Hence, the importance of something such as the benefit rate paid at early retirement.

Early retirement was singled out on the ground that this was a privilege of some sort that was being somehow abused. It was and is not in any sense a way to take advantage of the system.

The judgment made in 1962 to provide early retirement at 80 percent of the full rate at 65 was based on an actuarial calculation that this would, on average, provide the same lifetime benefits as are received by "regular" retirees. It has turned out to be actuarially precise to a degree that is not ordinarily found. Over time, persons who have retired early have received exactly what they were expected to receive. Eighty percent of a full benefit, received at age 62, has led to a

payout equal to 100 percent at 65, and a wash during the intervening intervals as well—a nice piece of work for which the actuaries should be congratulated.

However, it is also the fact that we think most persons retiring at age 62 do so because they are ill or are unemployed. It is not simply exercising the option to move to Florida and play golf instead of going on with your job. It is, rather, exercising the option suddenly to receive income when you have not been receiving any at all.

As we discuss the social security law, we will often find persons on both sides of the aisle saying as to the characteristics, for example, of persons who take early retirement, that, "We think this is so." It has surprised me, at least, to realize how little is known about the characteristics of the approximately 35 million persons in the system.

We have run a very tight administration in social security, it seems to me. We know that its computer facilities could be usefully brought into a third and fourth generation of sophistication but administrative costs have been very low.

On the other hand, the administrators have been unwilling to find out very much about the 35 million people to whom they send checks every month. We know about the illness and unemployment causing early retirement from a survey made in California 4 years ago. In 1977, in California, it appeared that illness and unemployment were the largest causes of early retirement; some 70 percent of early retirees were sick or jobless prior to retirement. But one would think that there would be a national survey and that it would be kept up to date. These are sampling procedures that do not require any great invention if you just will carry them out.

Mr. President, the first radical feature of the May 12 proposal was that it would have made sharp reductions in benefits. The second is that it would have done so with almost no notice. The proposal came to us May 12. It was intended to go into effect January 1. That is not the way changes can be made in a social insurance system. The concept of due notice and due process has to be present, and surely it was absent in this regard.

It was not surprising, then, that on May 22, by a vote of 96 to 0, this body said that it would not go forward with that proposal in that manner.

In the meantime, we were adopting a change in the law which had an aspect of sudden death to it—if that is not too harsh a term—that gave no adequate notice to retirees. This is the elimination of the minimum benefit.

The President will know that in the Social Security Amendments of 1977, by authorizing the minimum benefit at \$122, we arranged that over time, in effect, it would be phased out; that as earnings history and therefore benefit levels rose over time, there would be no one coming into the system whose entitlement would be less than the current minimum. So, in an orderly manner, this benefit was to be disposed of, but not on 3- or 4-months' notice.

The distinguished chairman of the Committee on Finance is not wrong when he says that we have to act with some expedition here, else, on Christmas Eve, some 3 million people are going to receive a notice that their social security payments are being taken away from them. Some have suggested that the note might have holly and ivy to cheer them up. It has been suggested, I am told, by persons downtown that the distinguished chairman of the committee might be the one chosen to sign the notice, on the ground that no one at the other end of Pennsylvania Avenue wishes to do it.

As a point of fact, under the law, 3 million people will receive this special yuletide notice from the chairman or whoever is given the distinction of sending the greetings, unless we do act with expedition, and I believe we should.

Again, there was the question of due notice and due procedure.

At this point, I do not have much to add, except to say that I believe that in the course of our deliberations we have established that there are two problems facing the social security system. One is a near-term problem that responds to the unprecedented movement of prices and wages in the last 4 years. Prices went up and wages went down, probably for the first time in the history of the American economy; and interest rates were at extraordinarily high levels, interest rates reflecting this changing relationship.

The result was that for the first time in the history of our economic series, real wages in the United States declined. Unemployment remained high. The economy has been flat since 1978, almost an extended recession.

Payments into the system have gone down relatively. With inflation, payments out of the system have been going up. This, combined with the unprecedented change in the wage-price relationship, has depleted the trust funds.

And changes made by the 1977 amendments have not been sufficient for the purposes we contemplated at the time.

We are responsibly advised by the Congressional Budget Office and by the administration that, with the changes we make today, even after the cost of restoring the minimum benefit to virtually all its present recipients is accounted for, the near-term problem will be avoided. Enough reductions were made in the reconciliation bill so that between now and 1985 or 1990, as we variously describe the near-term problem, we will get through.

Perhaps the ship will cross the bar with a fairly narrow margin between the bar itself and the keel, but that has happened before. In any event not a great deal would be at stake if we had to resort to some temporary adjustment at the end of this decade because thereafter the system goes into a very ample surplus for a very long time.

I note this not in anticipation of our doing it, but simply to make the point, Mr. President, that through most of the 1940's, in consequence of an amendment proposed in this body by our distinguished former Member, who is so much a part of our history, Senator Vanden-

berg of Michigan, the funds had the right to borrow from the Treasury if they were temporarily short of moneys owing to a combination of economic developments, or whatever. This did not offend against any great principle. It still does not.

It can be done if needs be done. It is unlikely that it will be needed, but if it is, it can happen.

I do not want to stand here advocating that there be a steady infusion of public moneys, of general funds, into the social security system. There is a healthy discipline that arises from the prospect that the taxes paid into the system should be sufficient for the benefits paid out.

But I note that this is not the case now, that under the medicare provisions of the Social Security Act doctor bills are paid by general revenues. The notion that these revenues are from social security taxes is not so.

I point out that, in the early days of the system, there was a deliberate public subsidy to these funds. It will not seem credible to many Members of the Senate today, but the Social Security Act of 1935 provided that the moneys collected from the payroll tax be invested in special Government bonds, and that the Treasury pay a full 3-percent interest on those moneys.

Now, 3 percent interest was higher than the rate of interest at which the Treasury borrowed. It was thought to be an astronomical number, never likely to be reached in the market, and in that measure, to that degree, and to that purpose a subsidy was paid into the fund.

This was phased out in the 1940's, and the memory of a time when 3 percent was an inconceivably high rate of interest has gone, but I cannot fail to remind my friend from Kansas of those grand old days of the New Deal when the dollar was sound, when interest rates were low, and when social change was going forward at such an agreeable pace.

Another point I wish to make is that having talked about our near-term problem, may I also say that there is this other matter, this other question which I have found myself referring to as the 2020 problem. It is not a problem at all but simply a statement of fact that about the year 2020 the baby boom that followed the Second World War will have retired and we will have a high ratio of older persons to workers. We will not have a high dependency ratio, unless there is a great and unanticipated demographic change.

The dependency ratio, which is the ratio of persons of working age to young and old, specifically 20 to 64, against those above 64 and below 20 reached its height in 1965. We will never again have as many dependent persons relative to persons of working age as we had in 1965.

But we will have this: The baby boom will grow old, it will retire, and then provision has to be made for a higher rate of contribution and of GNP than we have historically known.

I remind the Chair what this body has heard before, which is that as a proportion of gross national product, social



security benefits go down from almost 5 percent last year to slightly more than 4 percent about the year 2005, and then they rise to again about their present level about the year 2015.

I wish not to be held to the month of the calendar year in those terms, but there is a decline such that by about the year 2020 we get back up to the present rate of GNP, and then we go from about 5 percent up to about 6 percent in about the year 2035, something in that range, and at 6 percent it holds for a period, then declines again to a bit above 5 percent as best we can know.

We presume a great deal about the forecasting abilities of our actuaries. We solemnly pretend to precision when we refer to what the GNP in the year 2040 will be and the work-force ratio, the labor-force ratio, and the unemployment rates and things like that. That, alas, is one of the prices we have paid for the trappings that surrounded the original Social Security Act. These gave us to understand, gave the public to understand, that a social insurance system that in effect constituted an intergenerational tax transfer was in fact a funded investment retirement annuity arrangement as well as an insurance arrangement.

This was never so, it is not so, and cannot in the nature of things be so, but nonetheless we solemnly project the funds' status 75 years in the future as if this were the portfolio being managed by the Prudential Life Insurance Co. It is not and is never going to be.

One thing I will take note of in passing is that we may have a problem different from one that has been most talked about, and I think the chairman may or may not share my view on this, which is that one of the consequences of the Economic Recovery Act of 1981 was a very great reduction of taxes on capital. Taxes on capital gains were cut, and we are very happy to see them cut as we were steadily trying to do that in the last two tax bills. Corporation taxes were almost abolished in many cases. Intergenerational transfer of capital was certainly changed. So we see the tax on capital going down while we contemplate a steady increase in the taxes on labor, which is, after all, what the payroll tax is.

We might find ourselves before we notice in a kind of shearing action in which we have created unintentionally in the tax system a very powerful incentive to employ capital and a very powerful disincentive to employ labor, simply because the taxes on one have almost been abolished. I do not want to exaggerate that they have been abolished, but they have been much reduced, while the taxes on labor are much increased.

What is the maximum social security tax that is now to be paid? About 15 percent, is it not? The maximum tax payment from 1990 on will be 15.3 percent. The employer will pay 7.65 percent and the employee will do the same. That is a heavy tax, far heavier than the 1-percent tax mandated in 1935, 15 times heavier.

There will be those who will little note

nor long remember that this observation is made today, but to those who want to follow this subject, I suggest that the time may come when the disparity between the rising payroll tax and the declining tax on capital, the rising tax on labor and declining tax on capital, will have consequences which we will want to address.

In any event, these are consequences which are to be dealt with apart from the near-term questions that we deal with today.

In concluding these remarks—they have been extensive only because I have not seen any other Member, any other Senator, wishing to speak—I would like to say that I think a fair job was done. I think the unanimous judgment of the committee reflects that fact, and I hope the Senate will adopt this measure.

There will be some amendments being put forward. I believe there will be one by the Senator from Missouri, the senior Senator, similar to one I offered unsuccessfully in the Committee on Finance. It may be, it may not be. This is an opportunity for the Senator from Kansas to show that he can exact from the oil and gas industries the same draconian measures that he has insisted upon where his own activities were involved.

I thank the Chair.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, just for the information of Senators and others who may read the RECORD, I ask unanimous consent to have printed in the RECORD comments from study groups and others who recognize that we do have financing problems.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

**STUDY GROUPS AND OTHERS RECOGNIZING SUBSTANTIVE SOCIAL SECURITY FINANCING PROBLEMS**

National Commission on Social Security: (March 1981):

In order to assure adequate funding for 1981, Congress, in October 1980, enacted Public Law 96-403, which provides for a shift of payroll tax receipts in 1980 and 1981 from the Disability Insurance Trust Fund to the Old-Age and Survivors Insurance Trust Fund.

Until very recently, it appeared that this reallocation, plus some borrowing from the Hospital Insurance Trust Fund, might resolve the short-term financing problem. However, the estimates available to the Commission based on the 1980 Mid-Session Review assumptions of the Office of Management and Budget show that the combined assets of all three trust funds will be inadequate to pay estimated benefits as they come due starting in 1984.

Because of the great uncertainty inherent in long-term projections, it has always been acceptable for the long-range actuarial balance (the relation between anticipated revenues and expenditures over the full 75 year valuation period) to show a small deficit or surplus under the intermediate cost estimates. Under the tax rates of present law, there is an actuarial imbalance under the intermediate estimates in the 1980 Trustees Report of 1.52 percent of taxable payroll. Average expenditures are 112 percent of average income.

The Commission considers this an insufficient degree of financing.

Mr. DOLE. Mr. President, I ask unanimous consent that a list of the members of the National Commission on Social Security be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

**MEMBERS OF THE NATIONAL COMMISSION ON SOCIAL SECURITY**

Milton Gwirtzman, chairman, attorney and author, Newton, Massachusetts.

James J. Dillman, vice chairman, attorney, Dillman, Holbrook, Wurtz & Roth, Sheboygan, Wisconsin; Trustee, State of Wisconsin, Retirement Fund and Member, Retirement Research Committee.

Elizabeth T. Duskin, vice chairman, Director of Research and Legislation, National Council of Senior Citizens, Washington, D.C.

Wilbur J. Cohen, Austin, Texas, Sid Richardson Professor of Public Affairs, Lyndon Baines Johnson School of Public Affairs, University of Texas at Austin; Secretary of Health, Education, and Welfare, 1968-69.

Russell W. Laxson, Plymouth, Minnesota, Retired Vice President, Public Affairs, Honeywell Inc.

Donald S. MacNaughton, Nashville, Tennessee, Chairman and Chief Executive Officer, Hospital Corporation of America; former Chairman and Chief Executive Officer, Prudential Insurance Company of America.

Joyce D. Miller, Guttenberg, New Jersey, Vice President and Director of Social Services, Amalgamated Clothing Workers of America; member of the Executive Council, AFL-CIO.

Robert J. Myers, Silver Spring, Maryland, Professor of Insurance, Howard University; Chief Actuary, Social Security Administration, 1947-70.

David H. Rodgers, Olympia, Washington, Chief Deputy Insurance Commissioner, State of Washington; Mayor of Spokane, Washington from 1967 to 1978.

Mr. DOLE. The commission was composed of members of both parties, no Members of Congress, but a number of outstanding Americans concerned about the problem. I point that out because we are about ready to appoint another task force which will probably plow the same ground. They might find it useful to see what the last Commission on Social Security recommended.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

**PRESIDENT'S COMMISSION ON PENSION POLICY (FEBRUARY 1981)**

The most pressing problem facing social security is its ability to meet future commitments. The social security system relies on pay-as-you-go financing. Taxes collected from workers and their employers are used almost immediately to pay benefits for current retirees. This form of financing is extremely vulnerable to declining economic conditions and demographic imbalances.

In recent years, poor economic conditions have resulted in short-run financing problems. Presently, social security is experiencing difficulties because of high unemployment, inflation and low wage growth. As a consequence, tax revenues decline, while rising inflation results in increased benefit payments.

In the next five years, scheduled tax revenues are not expected to be sufficient to cover expected payments.

Social security faces serious long-run financing problems as well. Demographic imbalances resulting from the post-World War II baby boom are expected to cause financing problems in the next century.

The average scheduled tax rate over the 1980-2054 period is 12.22 percent, and this

compares unfavorably with an estimated average expenditure of 13.74 percent and 18.39 percent of payroll under pessimistic assumptions. If either benefit adjustments or financing solutions to this 1.52 to 6.17 percent long-term actuarial deficit are not found, the problems will be extremely difficult to resolve as the baby boom generation begins to retire. For example, over the period 2030-2054, the actuarial deficit will amount to -4.58 percent and -14.20 percent of covered payroll, respectively. Only under the optimistic demographic and economic assumptions will the trust funds accumulate to very high levels and then decline when the baby boom generation retires. If the more unfavorable, but more likely, alternatives develop, more revenue from higher payroll taxes or other revenue sources must be found, or benefits must be reduced.

1979 SOCIAL SECURITY ADVISORY COUNCIL,  
DECEMBER 19, 1979

To counteract the trust fund losses attributable to the events of the mid-1970s, Congress in 1977 enacted major increases in revenues. The largest of these increases was not scheduled to take effect until 1981. In 1977, the decline in the trust funds was projected to continue until the 1981 rate increase took effect, after which a buildup of the funds was anticipated to commence. More recent economic forecasts, however, suggest that this buildup may not begin as soon as previously expected.

The fact that the trust funds are now relatively low means that a severe recession could reduce revenues enough to require increases in the tax rate or base that would not be needed if trust fund balances were at normal levels. This temporary situation is an aftereffect of the severe recession during the mid-1970s and has little bearing on the long-run financial strength of the social security system. Nonetheless, this temporary situation cannot be ignored, and the council's recommendation for improving the financing of medicare and the cash benefits programs would deal with it.

Starting around 2010, however, the trust funds are projected to decline as the large number of persons born in the years immediately after World War II begin to reach retirement age. The work force is not projected to increase commensurately because the fertility rate is now low and is projected to stay low by historical standards. The combination of these two trends would cause a significant increase in the average age of the American population. And, if these projections are borne out, social security revenues would have to be increased or benefits would have to be cut to keep the OASDI system in balance after the year 2030.

CONGRESSMAN J. J. PICKLE, CHAIRMAN OF SOCIAL SECURITY SUBCOMMITTEE OF HOUSE WAYS AND MEANS COMMITTEE (HOUSE FLOOR STATEMENT, APRIL 9, 1981)

The social security retirement and survivors' trust fund will become unable to pay benefits sometime in mid-1982. Even if the assets of the disability fund were added in, the two funds together would still be insufficient late in 1982. This shortfall is projected under both the Carter administration's fiscal year 1982 budget economic assumptions and the Reagan revised fiscal year 1982 budget assumptions.

If the assets of all three funds, including health insurance, are considered together, the trust funds are adequate to make benefit payments through 1986 under the Reagan economic assumptions, but are insufficient by late in 1984 under the Carter assumptions. Even under the Reagan assumptions, the margin is extremely thin. Assets in all three funds combined drop to only 14 percent or

only 1½ months worth of reserves. If economic conditions in the next 3 years are only slightly worse than the Reagan administration predicts, the trust funds will be unable to make benefit payments at some point before 1986.

An additional \$110 billion in revenues, or approximately \$20 billion a year, likely will be needed to achieve a 25-percent trust fund reserve by 1986.

In addition to the practical problem of providing sufficient revenues to the system, the general public apparently has little confidence in the soundness of the social security program. We need to take action now that will restore the public's confidence.

Many Members of Congress feel we cannot restore confidence in this program if we do not also address long-term shortages expected to confront social security in the next century.

CBO: ALICE RIVLIN BEFORE JOINT ECONOMIC COMMITTEE (SEPTEMBER 22, 1981)

In short, although the CBO currently projects that the combined trust funds will maintain an aggregate balance sufficient to allow expected benefits to be paid over the next decade, the margin for error is very small. If economic conditions—especially real wage growth—are even slightly worse than now projected, legislative action beyond the authorization of interfund borrowing would probably be necessary to ensure the viability of the system.

Given Social Security's sensitivity to economic performance, prudent budgeting may call for much larger trust fund reserves than have been realized in the recent past or than are currently anticipated. Without these reserves, frequent or sudden program changes may be required. In a program that represents a long-term commitment around which people plan their lives, such changes can cause substantial hardship and may undermine overall public confidence in the system. Larger reserves—such as the 75 percent of annual outlays recommended by the 1979 Advisory Council on Social Security—would insulate the Social Security programs from the consequences of unexpectedly poor economic performance.

Mr. DOLE, President Carter, in the fiscal year 1982 budget, which was presented in January of 1981, said:

Finally, no account of future budget needs would be complete without recognition of the need to resolve the problem of social security financing. The administration has proposed that the major social security funds be permitted to borrow from each other. The estimates contained in the budget assume that enactment of that legislation will overcome any shortfalls in the budget planning period 1982-84.

However, additional action will have to be taken to insure uninterrupted payments beyond the planning period.

From DHHS press statement—January 15, 1981:

As noted, the budget proposes that legislation be enacted, effective in calendar year 1981, to allow borrowing among the three funds, to insure that possible temporary cash flow problems in one fund would be solved through loans from the other funds. This proposal assumes that the revenues from the tax and wage base increases scheduled under current law and the savings estimated for voluntary hospital cost containment will be realized. However, the margin of safety is so small that if economic conditions worsen, or if cost containment savings are not fully realized, there will be insufficient resources for benefit payments by the end of 1984. Therefore, more substantial Social Security financing reform needs to be addressed in the near future.

Then there are a series of statements, including a public opinion poll. I do not have a date on this, but it is a recent public opinion poll which indicates that:

The Hart public opinion survey conducted for the National Commission on Social Security found that 82 percent of all nonretired Americans had little or no confidence that there will be funds to pay their social security benefits; 73 percent of those age 25 to 44 felt this way.

The Lou Harris poll conducted in 1979 on American attitudes toward pensions and retirement found that more than four out of five workers have less than full confidence that social security will be able to pay their benefits when they retire, and more than two out of five have hardly any confidence at all.

There is also a statement by Robert M. Ball before the House Social Security Subcommittee. The record is replete with statements by those who are not in the political arena who are telling us that we have to do something.

If, in fact, additional evidence is needed, I would think some might want to explore the brief excerpts from those reports.

Another statement is from the American Academy on Actuaries (in a statement of) on February 27, 1981, indicating that we are in deep difficulties.

Mr. President, I ask unanimous consent that these brief summaries be printed in the Record for the benefit of Senators.

There being no objection, the summaries were ordered to be printed in the Record, as follows:

SUMMARIES AND STATEMENTS BY ROBERT M. BALL

(Before the House Social Security Subcommittee, February 17, 1981)

At present the contingency funds have been drawn below a reasonably safe level because recently we have had the unusual combination of prices rising faster than wages and, at the same time, a relatively high unemployment rate.

It is clear that some congressional action will be needed shortly to avoid a short-term financing problem in the old-age and survivors' insurance part of social security (the disability insurance program and the hospital insurance part of Medicare are not in difficulty). The reallocation of rates between old-age and survivors' insurance and disability insurance signed into law on October 9, 1980 was intended as a stop-gap measure and is probably sufficient only through calendar year 1981. The action required can be quite minimal or we can take the occasion—as I think we should—to make rather fundamental changes in financing.

The Carter Administration proposed borrowing among the three social security funds—the old-age and survivors' insurance fund, the disability insurance fund, and the hospital insurance fund—as a way of meeting the short-term problem in old-age and survivors' insurance between the end of 1981 and the point at which the presently scheduled 1985 contribution rate increases take hold. If the economy improves rapidly and substantially, this provision alone might well make the present financing of the cash benefit program sufficient for the next 50 years and the financing of the hospital insurance program under Medicare sufficient at least into the 1990's. Under other economic assumptions, however, this plan would be inadequate in the 1984-85 period, and Congress would once again need to address the question of social security financing.

My own view is that it would be desirable to make fundamental changes in social secu-



ity financing right away so that financing of the cash benefit program would be assured at least into the next century and without having to raise the tax rate for old-age, survivors' and disability insurance for at least the next 25 years. It is very disturbing to beneficiaries and contributors alike to keep running into these short-term crises because of an insufficient margin in the short-term rates. And it is disturbing to contributors to keep facing a series of rate increases.

#### AMERICAN ACADEMY OF ACTUARIES

(James R. Swenson before the House Social Security Subcommittee, February 27, 1981)

It is apparent that legislation needs to be enacted to resolve the predicted short-term financing problems of the OASI portion of the program. The academy believes that it is equally important that long-term financing issues be addressed at the same time to help assure the financial viability of the program and to restore public confidence in the program.

The short-term financing problems would be substantially alleviated if proposals permitting interfund borrowing were enacted. However, the margins protecting the program from adverse economic conditions would be very modest unless other steps are taken as well.

The relative unpredictability of the economy indicates that more emphasis should be placed on financial projections based upon pessimistic assumptions. It should be noted that projections based upon pessimistic assumptions indicated the potential for short-term cash flow problems shortly after the 1977 amendments were enacted. Virtually no publicity was given to that fact at the time.

Long-term financing issues pose an even greater challenge to the program. Since the social security program is an intergenerational transfer program, funded essentially on a pay-as-you-go basis, the demographic influences of increasing life expectancy combined with the post-World War II baby boom and subsequent baby bust will require substantial increases in future payroll tax rates. The financial viability of the program depends upon the willingness and the capability of persons who are working to pay taxes sufficient to support promised benefits.

Official actuarial estimates predict OASDI benefit costs ranging from 20 to 36 percent of payroll by the year 2030. In addition, long-term projections based upon intermediate assumptions indicate that OASDI benefit disbursements will exceed scheduled taxes by an average of 1½ percent during the next 75 years.

#### AFL-CIO

(Bert Seldman before the House Social Security Subcommittee, March 13, 1981)

Mr. Chairman, in dealing with the program's financing problem, I hope that neither you nor the other members of the subcommittee will rely on the administration's economic forecasts as outlined by Secretary Schweiker in his testimony to this subcommittee.

Those projections might be better characterized as wishful thinking rather than serious economic forecasting.

Not only the AFL-CIO, but most private economists, both conservative and liberal, monetarists and Keynesian, doubt these rosy projections.

In short, Mr. Chairman, if the Congress for the third time since 1977 undertakes the difficult task of shoring up the social security system, we urge reliance on more realistic economic forecasts in order to avoid being faced with the problem again.

#### HENRY J. AARON

(The Brookings Bulletin, Sept. 13, 1981)

Most economists not bound by party discipline hold that the administration's eco-

nomic scenario is more optimistic in general, and more favorable to the social security system in particular, than events are likely to be. For that reason, it would be reckless to legislate for social security on the basis of those assumptions. There is too great a risk that events will be less favorable, that the nation will confront another social security crisis in a few years, and that Congress will have to legislate in . . . if nothing is done to reduce the sensitivity of social security to short-run economic adversity, economic events less favorable than our best forecasts could place the system in jeopardy again in the near future: only large tax increases or large cuts in benefits for those now receiving or soon to receive them would preclude this unhappy possibility. These are really the only two choices Congress has.

#### NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS

(James Hacking Before the House Social Security Subcommittee, Feb. 27, 1981)

Proposals to allow the OASI fund to borrow or receive funds from the DI and/or HI fund, in our opinion are deceptive because they do not match the magnitude of the short-term financing problem. In general, we support providing legislative authority for interfund borrowing because this would provide some flexibility. However, we do not view this as a sound solution because the possibility that the combined level of trust funds would fall to unacceptable levels or be completely exhausted would still exist. The amount of revenue generated for the OASI Fund from these devices will not ultimately be sufficient to protect the system from even minor economic downturns.

Interfund reallocation and borrowing proposals are being suggested partly because the HI and DI Trust Fund levels are currently in a healthy position and could provide some additional funds to OASI in the short term. We suggested that reliance on the DI Fund is ill-advised, since a recessionary period could prompt another surge in the number of persons on the DI rolls and hence begin to deplete the DI Fund in a manner similar to what occurred in the mid-1970's. The HI Fund is not reliable either; it is expected to be depleted by the early 1990's, if not sooner. Hospital cost increases continue to roar along at higher than general inflation levels in the absence of effective cost control legislation.

#### AMERICAN ENTERPRISE INSTITUTE ("Achieving Financial Solvency of Social Security" 1981)

The short-term financing problem facing social security's largest cash program, Old-Age and Survivors Insurance (OASI), is serious and will require corrective action by 1982 if scheduled benefits are to be fully financed by the OASI trust fund. The other two major social security trust funds, for Disability Insurance (DI) and Hospital Insurance (HI), are in better financial shape, largely as a consequence of the Social Security Amendments of 1977 (Public Law 95-218), which increased payroll taxes designated for the DI and HI trust funds, and the Disability Amendments of 1980 (Public Law 96-265), which tightened administrative procedures for the program. Both the DI and HI trust fund contingency reserves are now projected to remain at adequate levels through the mid-1980s. According to several recent reports, however, the combined OASDI trust funds are expected to be inadequate after 1984, so that even if the OASI trust fund is allowed to borrow from the other two funds, the short-run financing problem would remain.

The gloomy long-run projections of social security are even more disturbing in light of their underlying assumptions. Under the 1981 trustees' intermediate projection path II-A, the long-run unemployment rate is 8 percent (after 1995), the long-run inflation

rate is 3 percent (after 1990), the real wage differential is 2.00 percentage points (after 1995), and the long-run fertility rate is 2,100 births per 1,000 women. All of these key long-run assumptions are more optimistic than actual trends in the 1970s.

#### NATIONAL FEDERATION OF INDEPENDENT BUSINESS/NATIONAL BUREAU OF EDUCATION RESEARCH

(Presented by Michael Boskin "Separating the Transfer and Annuity Functions of Social Security" 1981):

Probably the most overwhelming problem confronting social security as a pay-as-you-go system is the long-term funding crisis. Even after the 1977 social security amendments, a long-term deficit of well over \$600 billion remains. This is the amount by which the present value of legislated benefits exceeds the present value of legislated taxes. To put this in perspective, this amount is larger than the regular national debt. The major cause of this projected deficit is the drastic change in the age structure of the population. Once the post-World War II baby boom retirees—around 2010—the ratio of retirees to workers will increase enormously. The best estimate is that the ratio of retirees to workers will increase by about 50 percent—from slightly less than one to three to about one to two. Given the pay-as-you-go nature of the system, this implies either a huge increase in taxes to maintain the ratio of benefits to wages or a significant decline in the ratio. Neither prospect is appealing, but there is no avoiding the choice.

#### COMMITTEE FOR ECONOMIC DEVELOPMENT ("Reforming Retirement Policies" September 1981)

Social Security's traditional political and social strength has rested on low tax rates and the widespread belief that today's payments assure tomorrow's benefits. However, in recent years, it has become apparent that the system, which has functioned so smoothly for so long, is in serious financial trouble. Fully indexed to the CPI, benefits are rising at a rate that many would argue outstrips even the real rate of inflation. Demographic trends show that as the "baby boom" generation retires, there will be a cast increase in the number of retired non-workers to be supported by a decreasing proportion of workers. In 1960, there were 20 Social Security beneficiaries for every 100 workers contributing to the system; by 1980, the ratio had risen to 31 beneficiaries per 100 contributing workers. This ratio is expected to rise to a range of 40 to 70 by the middle of the next century.<sup>1</sup>

Faced with this problem, Congress enacted stiff new tax increases to take effect between 1979 and 1990. But these increases have already proved insufficient to carry the system in the immediate future, and they will not cover rising costs for the entire seventy-five-year period used in the long-term estimates for Social Security planning. Even with the scheduled large tax increases, experts believe that revenues will again fall short early in the next century.

Even those tax increases that have already been passed will put a significant strain on the economy. They will reduce both consumer purchasing power and the ability of individuals to save.<sup>2</sup> In addition, higher Social Security taxes levied on employers tend to increase the prices of goods and services, reduce employee wages and the hiring of new workers, and restrict the availability of funds for new investment.

Clearly, Social Security is entering a new era. The combined forces of inflation, slow economic growth, and demographic change, as well as the maturing of the system itself, have brought about this financial crisis. The challenge that policy makers face is how to

<sup>1</sup>Footnotes at end of article.

reshape the system so that the costs to the working generation are kept manageable and yet still fulfill the social and economic goal of providing basic benefits to retirees.

**HOUSE DEMOCRATIC STUDY GROUP  
(October 1980)**

It is clear from both the report of the Board of Trustees of the Social Security program and the Administration's mid-session FY 1981 budget review that the Social Security system is headed for cash-flow problems in the short-term. It is equally clear from the two reports that reallocation is only an interim measure and that even after reallocation additional steps either to raise aggregate revenues or to reduce future benefit obligations may be necessary for later in this decade.

Because of the unforeseen and unprecedented economic situation of the past year—historic high rates of inflation coupled with a serious recession—and because wage gains have fallen behind price increases, there are once again serious short-term financing problems for OASDI. For example, OASI was expected to run out of assets sufficient to meet benefit payments by the end of next year. To forestall that, Congress has approved a temporary (two-year) reallocation of tax receipts between the OASI and DI trust funds in order to ensure sufficient OASI funds to pay benefits through 1982 (H.R. 7670). However, it is anticipated that combined OASDI-HI reserves will fall to a low of 7 percent of one year's outgo in 1985, so that it is possible that even with other reallocation actions not enough money will be on hand to pay some benefits.

The long-term financing problems are the result of demographic trends—the inexorable aging of the population combined with the decline in the birthrates. Sometime during the first half of the next century there will be too many beneficiaries (retirees) and not enough contributors (workers).

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (1980)**

The recommendations of most observers, including the current administration and Congress, concentrate primarily on the revenue side of the system and call for constant increases in the payroll tax. These taxes have already grown faster than the consumer price index, increasing by more than 84 percent between 1962 and 1981 (as projected). Even with these increases, revenues for 1981 and later will almost certainly be inadequate to support the projected level of outlays. Consequently, unless Congress mandates new sources of revenues or further increases in social security taxes, projected benefits must be reduced.

**NATIONAL ASSOCIATION OF MANUFACTURERS  
(Statement of the NAM Board September 29, 1981)**

For nearly half a century, three generations of Americans have relied on the Social Security system to help provide retirement income. Now that system is in deep financial trouble.

**CHAMBER OF COMMERCE OF THE UNITED STATES  
(Statement by Lowell Jones and Mike Romig before the Subcommittee on Social Security, House Ways and Means, March 13, 1981)**

Throughout the 70's high levels of inflation and unemployment in combination with lagging productivity and lagging real wage growth have forced a draw down of Social Security trust funds to the point that, unless effective action is taken by Congress this year, the OASI trust funds will be out of money early in 1982.

**AMERICAN COUNCIL OF LIFE INSURANCE  
(Statement of Kenneth P. Austin before the Subcommittee on Social Security, House Ways and Means, February 27, 1981)**

Social Security now faces severe financial problems. The retirement program, OASI, faces acute short-range financial problems . . . The system also faces long-run deficits on the basis of what now seems to be the most reasonable economic and demographic estimates.

Mr. DOLE. In addition, Mr. President, I understand there may not be final action on this bill today. It is my hope that some of the amendments could be disposed of or forgotten, whichever would be the most satisfactory, which I think is the latter. I would also suggest the latter to Senators who do not really feel compelled to rush over with an amendment.

We would mention to those Members that there will be other opportunities to offer amendments. We do think there is some urgency in passing this legislation, particularly in view of its unanimous approval in the committee. I would hope that none of the amendments that have been proposed would be adopted, including the amendment that I understand the Senator from Missouri may offer, which would start general funding of social security. That has never been done in the history of this program, but that is precisely what the Senator from Missouri proposes.

Mr. President, I shall also ask unanimous consent that additional information concerning the financial status of the social security trust funds be printed in the Record.

The information that I will include covers the operations of the trust funds before and after enactment of the committee amendment, and was provided by the Congressional Budget Office and the Social Security Administration. Again, there has been some who always take, I think, an overoptimistic view of what we may be doing here today. We are addressing a short-term problem and a short-term problem only.

There are many of us who think that in the interim we can address the problem as it should be addressed. I wanted to point out for the Record that we do restore the minimum benefit to all those currently on social security rolls except those who are receiving a Government pension above \$300 per month. Those retired Government workers would have their social security benefit reduced dollar for dollar for the amounts of their Government pensions above \$300.

On a fiscal year basis, the actuaries estimate this provision to cost \$500 million in fiscal 1982.

I might say that cost is offset by a savings in SSI of \$240 million in 1982.

In 1983, the outlay cost because of the minimum benefit restoration would be \$1 billion, but, again, restoration of the minimum benefit would reduce the cost of SSI payments, so there would be a saving of about \$600 million and a net cost of \$400 million.

Restoration to minimum benefit, which is an added cost results in a savings in SSI. This information is spelled

out in more detail in this document. There is also a saving from the amendment which would restrict the total family benefits for OASI recipients to either 86 percent of a worker's AIME, but not less than 100 percent of the worker's PIA, or to 150 percent of the primary insurance. Also revenue is raised by taxing the first 6 months of sick pay.

In addition, the information contains answers to questions that may be asked with reference to the effect on trust fund ratios. Questions sometimes arise as to the effect of these changes together, or in part, on the trust fund ratios. I will be including a table which will give that information for Members of the Senate and others who are concerned about this very important problem.

Finally, I will ask that cost estimates for social security proposals approved by the Senate Committee on Finance as addressed by the Social Security Administration also be made a part of the Record. Again, that information, I understand, for the most part, is in harmony with the information from the Congressional Budget Office.

Mr. President, I ask unanimous consent that all of that information be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Congressional Budget Office, October 6, 1981]

**MEMORANDUM**

From: Stephen Chaikind.  
Subject: Senate Finance Committee Social Security Amendments.

This memo summarizes the costs and trust fund effects of the amendments on social security approved by the Senate Finance Committee on September 24. The amendments include four provisions. The most important in terms of social security financing is the approval of interfund borrowing between the OASI and DI trust funds along with the reallocation of the payroll tax rates between the OASI, DI and HI trust funds. The amendments also restore the minimum benefit to most current recipients, put a maximum on family benefits paid from the OASI trust fund and require payment of the payroll tax during the first six months of illness. These provisions will be discussed separately below.

**REALLOCATION OF PAYROLL TAX RATES; INTER-FUND BORROWING**

Under current law projections, the combined OASDI trust funds will have balances above 12 percent of outlays at the start of each calendar year through 1990 (shown in Table 1, under CBO economic assumptions). This percentage will be minimally adequate to ensure continued payment of benefits through the period. However, the OASI fund is likely to need additional income before the end of 1982, since its balance falls to very low levels by that time.

Under the Finance Committee bill, two steps were taken to alter this imbalance. First, it allows interfund borrowing between the OASI and DI funds at the discretion of the Managing Trustee. Second, the amendment realigns the payroll tax rates among all three trust funds. These proposed rates are shown in Table 2, along with current law rates.

Were these realigned tax rates to take effect, with no other changes in revenues or outlays, the combined balances in the trust

funds would remain virtually the same,<sup>1</sup> but the OASI fund would have sufficient balances through the period, as would OASDI balances combined. HI balances would fall to very low levels by the start of 1985 under this reallocation, although they should remain positive. It is unclear if HI can meet all of its obligations with such low levels of trust fund reserves, however.

**MINIMUM BENEFIT RESTORATION**

The Finance Committee amendment restores the minimum benefit amount to all those currently on the social security rolls except those with a government pension above \$300 per month. Those retired government workers would have their social security benefit reduced dollar for dollar for the amounts of their government pension above \$300. On a fiscal year basis, the actuaries estimate this provision to cost:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget Authority..	-22	-88	-179	-278	-384
Outlays.....	500	1,000	1,000	1,000	1,000

CBO agrees with this estimate.

Restoration of the minimum benefit will also reduce the costs of added SSI payments and Medicaid costs. The federal savings to these programs resulting from the provision will be:

<sup>1</sup> Minor differences occur because of different trust fund assumptions on and timing of interest payments on outstanding balances.

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget authority..	-240	-575	-590	-610	-665
Outlays.....	-240	-575	-590	-610	-665

**FAMILY MAXIMUM**

This amendment would restrict total family benefits for OASI recipients to either 85 percent of a worker's AIME (but not less than 100 percent of the PIA) or to 150 percent of his PIA. This measure was adopted for all disability cases in the Disability Amendments of 1980. The provision would be effective for all those who become 62 in 1982 or thereafter. This provision is estimated by the actuaries to save:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget authority..	4	26	69	131	213
Outlays.....	-100	-400	-600	-800	-1,000

**EXTEND PAYROLL TAX TO FIRST SIX MONTHS OF SICK PAY**

This provision would generate the following additional revenues and budget authority by requiring the payroll tax be collected on sick pay paid from employees regular wages:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Revenues.....	300	400	500	600	600
Budget authority..	312	444	586	737	798

**TOTAL EFFECT ON THE BUDGET**

The total impact of this bill on the budget would be:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget authority..	54	-193	-114	-20	-38
Outlays.....	160	25	-190	-410	-665

**EFFECT ON TRUST FUND RATIOS**

Questions sometimes arise as to the effect of these changes together or in part on the trust fund ratios. The table below shows, on a calendar year basis, the effects of all or parts of the Finance Committee changes on the combined OASDI balances as a percent of outlays at the start of the year, as well as the balances projected under current law.

**COMBINED TRUST FUND BALANCES AS PERCENT OF OUTLAYS AT START OF YEAR**

[In percent]

	Calendar year--				
	1982	1983	1984	1985	1986
Current law.....	20.7	17.7	15.0	12.7	14.9
Finance Committee package..	20.6	17.4	14.5	12.2	14.4
Finance Committee's minimum benefit restoration only <sup>1</sup> .....	20.6	17.1	13.9	11.1	12.8
Restoration of entire minimum benefit only <sup>1</sup> .....	20.6	16.9	13.5	10.6	12.2

<sup>1</sup> Does not include effects of the cap on family benefits and payment of sick pay.

TABLE 1.—PROJECTIONS OF SOCIAL SECURITY TRUST FUND OUTLAYS, INCOMES, AND BALANCES, BY CALENDAR YEAR

[In billions of dollars]

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>Old age and survivors insurance:</b>										
Outlays.....	126.9	141.0	155.4	170.0	185.0	201.0	218.7	237.8	259.4	281.5
Income <sup>1</sup> .....	123.1	130.1	142.8	156.6	177.0	192.9	208.8	225.2	242.1	279.1
Year-end balance.....	19.1	8.2	-4.4	-17.7	-25.8	-33.9	-43.7	-56.4	-73.7	-76.1
Start-of-year balance (as percent of outlays).....	18.0	13.5	5.3	-2.6	-9.6	-12.8	-15.5	-18.4	-21.7	-26.2
<b>Disability insurance:</b>										
Outlays.....	18.1	19.8	20.6	21.8	23.3	25.3	27.2	29.1	31.4	33.9
Income <sup>1</sup> .....	17.0	23.3	26.5	29.8	37.8	42.6	47.5	52.7	58.3	72.8
Year-end balance.....	2.5	6.1	12.0	19.9	34.4	51.7	72.0	95.6	122.5	161.3
Start-of-year balance (as percent of outlays).....	20.0	12.6	29.4	54.7	85.4	136.0	190.3	247.7	304.1	361.3
<b>Hospital insurance:</b>										
Outlays.....	30.1	34.4	39.6	45.4	51.8	58.9	67.0	76.1	86.4	98.1
Income <sup>1</sup> .....	35.2	39.3	43.7	48.3	54.6	63.3	68.7	73.9	78.8	83.5
Year-end balance.....	18.9	23.8	28.0	31.0	33.8	38.1	39.8	37.7	30.1	15.4
Start-of-year balance (as percent of outlays).....	45.7	54.9	60.2	61.7	59.8	57.3	56.9	52.3	43.6	30.6
<b>Combined OASI, DI, and HI:</b>										
Outlays.....	175.1	195.1	215.6	237.2	260.1	285.2	312.8	343.0	377.2	413.5
Income <sup>1</sup> .....	175.3	192.8	213.0	234.8	269.4	298.8	325.0	351.8	379.2	435.3
Year-end balance.....	40.4	38.1	35.5	33.1	42.4	56.0	68.1	76.9	78.9	100.6
Start-of-year balance (as percent of outlays).....	23.0	20.7	17.7	15.0	12.7	14.9	17.9	19.9	20.4	19.1

<sup>1</sup> Income to the trust funds is budget authority. It includes payroll tax receipts, interest on balances, and certain general fund transfers.

Note: Minus sign denotes a deficit.

Source: CBO. Based on CBO's economic assumptions. Includes the effects of the Omnibus Reconciliation bill of 1981.

TABLE 2.—CURRENT LAW AND SENATE FINANCE COMMITTEE PROPOSED PAYROLL TAX RATE ALIGNMENT, EMPLOYERS AND EMPLOYEES EACH

[In percent]

Year	OASI		DI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal
1982.....	4.575	5.185	0.825	0.715	1.330	0.800	6.700	6.700
1983.....	4.575	5.035	.825	.665	1.300	1.000	6.700	6.700
1984.....	4.575	4.855	.825	.595	1.300	1.250	6.700	6.700
1985.....	4.750	5.005	.950	.595	1.350	1.450	7.050	7.050
1986-89.....	4.750	5.100	.950	.600	1.450	1.450	7.150	7.150
1990-2004.....	5.100	5.150	1.100	.750	1.450	1.750	7.650	7.650
2005 and thereafter.....	5.100	5.450	1.100	.750	1.450	1.450	7.650	7.650

TABLE 3.—PROJECTIONS OF SOCIAL SECURITY TRUST FUND OUTLAYS, INCOMES, AND BALANCES, UNDER THE COMMITTEE TAX REALLOCATION PROPOSALS, BY CALENDAR YEAR

(In billions of dollars)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>Old age and survivors insurance:</b>										
Outlays.....	126.9	141.0	155.4	170.0	185.0	201.0	218.7	237.8	259.4	281.5
Income <sup>1</sup> .....	123.1	146.8	159.1	169.7	190.9	212.7	231.7	251.3	271.9	296.3
Year-end balance.....	19.1	24.8	28.6	28.3	34.2	45.9	58.9	72.4	84.9	99.7
Start-of-year balance (as percent of outlays).....	18.0	13.5	16.0	16.8	15.3	17.0	21.0	24.8	27.9	30.2
<b>Disability insurance:</b>										
Outlays.....	18.1	19.8	20.6	21.8	23.3	25.3	27.2	29.1	31.4	33.9
Income <sup>1</sup> .....	17.0	20.3	21.1	21.0	22.7	24.9	27.0	29.2	31.5	42.3
Year-end balance.....	2.5	3.1	3.6	2.7	2.2	1.8	1.7	1.8	1.9	10.3
Start-of-year balance (as percent of outlays).....	20.0	12.6	14.8	16.4	11.7	8.6	6.7	5.8	5.8	5.7
<b>Hospital insurance:</b>										
Outlays.....	30.1	34.4	39.6	45.4	51.8	58.9	67.0	76.1	86.4	98.1
Income <sup>1</sup> .....	35.2	25.6	32.4	43.8	55.7	61.3	66.6	71.8	76.7	98.0
Year-end balance.....	18.9	10.1	2.9	1.4	5.3	7.7	7.3	3.1	-6.6	-6.8
Start-of-year balance (as percent of outlays).....	45.7	54.9	25.5	6.5	2.6	9.0	11.5	9.6	3.5	-6.8
<b>Combined OASI, DI, and HI:</b>										
Outlays.....	175.1	195.1	215.6	237.2	260.1	285.2	312.8	343.0	377.2	413.5
Income <sup>1</sup> .....	175.3	192.7	212.7	234.5	269.3	299.0	325.3	352.4	380.1	436.5
Year-end balance.....	40.4	38.0	35.1	32.4	41.6	55.4	67.9	77.3	80.2	103.2
Start-of-year balance (as percent of outlays).....	23.0	20.7	17.6	14.8	12.5	14.6	17.7	19.8	20.5	19.4

<sup>1</sup> Income to the trust funds is budget authority. It includes payroll tax receipts, interest on balances, and certain general fund transfers.

Source: CBO. Based on CBO's economic assumptions. Includes the effects of the omnibus reconciliation bill of 1981 and tax reallocation proposal. Does not include other revenue or outlay decisions in Finance Committee plan.

Note: Minus sign denotes a deficit.

MEMORANDUM, OCTOBER 13, 1981

From: Harry C. Ballantyne, Acting Chief Actuary.

Subject: Cost Estimates for the Social Security Proposals Approved by the Senate Committee on Finance.

The attached tables contain our cost estimates for the Social Security proposals approved by the Senate Committee on Finance. The proposals provide for partial restoration of the minimum benefit (which was eliminated in P.L. 97-35) and an extension of the DI family maximum formula to OASI beneficiaries. The proposals also reallocate present law tax rates among the OASI, DI, and HI Trust Funds and provide for inter-fund borrowing between the OASI and DI funds. In addition, Social Security coverage would be extended to the first six months of sick pay.

Table 1 compares OASI, DI, and HI tax rates scheduled under present law with the proposed reallocated schedule. The net ef-

fects on OASDI income and outgo resulting from each proposal are shown in Table 2, on the basis of the 1981 Trustees Report alternative II-B assumptions. Table 3 presents the estimated short-range operations of the OASI, DI, and HI Trust Funds under the program as modified by the proposals, again on the basis of the 1981 Trustees Report alternative II-B assumptions. Table 4 contains similar estimates on the basis of the 1981 "worst-case" assumptions. Tables 5-7 present the long-range OASDI effects of the proposals expressed as a percentage of taxable payroll; assets at the beginning of a year as a percentage of outgo during the year for the 75-year projection period are also shown. The long-range estimates are based on the 1981 Trustees Report alternative II-B assumptions.

The trust fund operations tables do not reflect the effects of the interfund borrowing proposal. However, Table 3 indicates that, under alternative II-B assumptions, the com-

bined income and assets of the OASI and DI Trust Funds would be sufficient to pay benefits when due until late 1989 or early 1990. The HI Trust Fund could become depleted at about the same time. It should be noted, however, that the margin of solvency (as expressed by the trust fund ratios) is at a rather minimal level in the latter half of the 1980's. The point is emphasized by the projections under the "worst-case" assumptions shown in Table 4, which indicate that under pessimistic (but not unreasonable) economic assumptions, the total income and assets of the OASI and DI Trust Funds would be insufficient to pay OASDI benefits when due as early as 1984. Also, HI Trust Fund assets would represent only 5 percent of annual expenditures at the beginning of 1985.

The HI Trust Fund projections were provided by the Office of Financial and Actuarial Analysis, Health Care Financing Administration.

TABLE 1.—REVISED REALLOCATION OF SOCIAL SECURITY TAX RATES, AS APPROVED BY THE SENATE COMMITTEE ON FINANCE

(In percent)

Calendar year	OASI		DI		OASDI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal
<b>Employees and employers, each:</b>										
1982.....	4.575	5.185	0.825	0.715	5.40	5.90	1.30	0.80	6.70	6.70
1983.....	4.575	5.035	.825	.665	5.40	5.70	1.30	1.00	6.70	6.70
1984.....	4.575	4.855	.825	.595	5.40	5.45	1.30	1.25	6.70	6.70
1985.....	4.750	5.005	.950	.595	5.70	5.60	1.35	1.45	7.05	7.05
1986-89.....	4.750	5.100	.950	.600	5.70	5.70	1.45	1.45	7.15	7.15
1990-2004.....	5.100	5.150	1.100	.750	6.20	5.90	1.45	1.75	7.65	7.65
2005 and later.....	5.100	5.450	1.100	.750	6.20	6.20	1.45	1.45	7.65	7.65
<b>Self-employed:</b>										
1982.....	6.8125	7.5150	1.2375	1.0350	8.05	8.55	1.30	.80	9.35	9.35
1983.....	6.8125	7.3750	1.2375	.9750	8.05	8.35	1.30	1.00	9.35	9.35
1984.....	6.8125	7.2150	1.2375	.8850	8.05	8.10	1.30	1.25	9.35	9.35
1985.....	7.1250	7.5500	1.4250	.9000	8.55	8.45	1.35	1.45	9.90	9.90
1986-89.....	7.1250	7.6500	1.4250	.9000	8.55	8.55	1.45	1.45	10.00	10.00
1990-2004.....	7.6500	7.8550	1.6500	1.1450	9.30	9.00	1.45	1.75	10.75	10.75
2005 and later.....	7.6500	8.1750	1.6500	1.1250	9.30	9.30	1.45	1.45	10.75	10.75

Source: Social Security Administration, Office of the Actuary, Oct. 1, 1981.

TABLE 2.—ESTIMATED REDUCTION IN OASDI BENEFIT PAYMENTS AND NET ADDITIONAL OASDI TAX INCOME UNDER PROPOSALS APPROVED BY THE SENATE COMMITTEE ON FINANCE

Proposal and section of bill	Calendar year effects (billions)						Medium and long-range effects (as percent of payroll)	
	1982	1983	1984	1985	1986	1982-86	Medium range	Long range
Estimated reduction in OASDI benefit payments								
Benefit changes: <sup>1</sup>								
1. Restoration of minimum benefit to present beneficiaries with certain limitations (sec. 4)-----	-\$0.8	-\$1.1	-\$1.1	-\$1.1	-\$1.1	-\$5.3	-0.03	-0.01
2. Extension of disability insurance maximum family benefit to old-age and survivors insurance beneficiaries (sec. 6)-----	.1	.5	.6	.8	1.0	3.0	.07	.10
Total of benefit changes <sup>1</sup> -----	-.7	-.6	-.5	-.3	-.1	-2.3	.04	.09
Estimated net additional OASDI tax income								
Tax and coverage changes: <sup>1</sup>								
3. Interfund borrowing and reallocation of social security taxes (sec. 2 and 3) <sup>2</sup> -----	\$13.3	\$9.8	\$2.2	-\$3.6	-\$0.2	\$21.5	-0.30	-0.10
4. Extension of coverage to 1st 6 mo of sick pay (sec. 5)-----	.4	.4	.4	.5	.5	2.1	.02	.02
Total of tax and coverage changes <sup>1</sup> -----	13.7	10.2	2.6	-3.1	.3	23.7	-.28	-.08
Net total effect <sup>1</sup> -----	13.0	9.6	1.1	-3.4	.2	21.4	-.25	.01

<sup>1</sup> Estimates for individual proposals do not include interaction. Total estimated effect includes interaction among proposals. Source: Office of the Actuary, Oct. 9, 1981.  
<sup>2</sup> Figures represent additional OASDI tax income resulting from reallocation of tax rates between the OASI, DI, and HI trust funds. The HI trust fund would experience the opposite effect.

TABLE 3.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS UNDER PRESENT LAW AND UNDER THE SENATE FINANCE COMMITTEE PROPOSALS, ON THE BASIS OF THE 1981 TRUSTEES REPORT ALTERNATIVE II-B ASSUMPTIONS, CALENDAR YEARS 1980-90—Continued

[Dollar amounts in billions]

Calendar year	Income					Outgo					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	\$105.8	\$13.9	\$119.7	\$26.1	\$145.8	\$107.7	\$15.9	\$123.5	\$25.6	\$149.1	23	35	25	52	29
1981	123.3	17.0	140.2	35.3	175.5	127.0	18.0	145.0	29.5	174.5	18	20	18	47	23
1982	150.3	20.8	171.1	26.3	197.4	142.8	19.3	162.1	33.7	195.8	13	13	13	58	21
1983	164.7	22.0	186.7	33.7	220.4	160.1	20.6	180.7	39.2	219.9	17	17	17	31	19
1984	175.7	21.9	197.6	45.6	243.2	179.0	22.3	201.3	45.4	246.7	17	20	17	15	13
1985	198.1	23.9	222.0	58.0	280.1	199.2	24.0	223.2	52.7	275.8	14	14	14	13	14
1986	220.0	26.2	246.2	63.9	310.1	219.5	25.8	245.3	60.6	305.9	12	12	12	20	14
1987	238.6	28.4	267.0	69.3	336.3	239.9	27.8	267.7	69.3	336.9	11	11	11	22	14
1988	256.6	30.6	287.1	74.3	361.5	259.7	29.9	289.7	78.5	368.2	10	10	10	13	13
1989	274.3	32.7	307.1	79.0	386.0	278.7	32.1	310.8	88.0	398.7	8	8	8	13	10
1990	295.4	43.3	338.7	100.1	438.8	297.4	34.2	331.6	98.9	430.5	6	6	6	2	7

<sup>1</sup> Between \$0 and \$50,000,000. early 1990 under alternative II-B. The HI Trust Fund could become depleted at about the same time. Source: Social Security Administration, Office of the Actuary, Oct. 9, 1981.  
 Note: The above figures do not reflect the effect of borrowing between the OASI and DI Trust Funds, as provided for in the Senate Finance Committee proposals. The combined income and assets of the OASI and DI funds would be insufficient to pay benefits when due in late 1989 or

TABLE 4.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS UNDER PRESENT LAW AND UNDER THE SENATE FINANCE COMMITTEE PROPOSALS, ON THE BASIS OF THE 1981 TRUSTEES REPORT "WORST-CASE" ASSUMPTIONS, CALENDAR YEARS 1980-86

[Dollar amounts in billions]

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	\$105.8	\$13.9	\$119.7	\$26.1	\$145.8	\$107.7	\$15.9	\$123.5	\$25.6	\$149.1
1981	122.8	17.0	139.8	35.3	175.0	127.0	18.0	145.0	29.5	174.5
1982	150.3	20.8	171.1	26.2	197.4	145.9	19.7	165.6	34.1	199.8
1983	161.8	21.6	183.4	33.0	216.4	168.9	21.7	190.6	40.2	230.7
1984	176.2	22.0	198.2	45.8	244.0	193.5	23.9	217.4	47.5	264.9
1985	203.2	24.5	227.7	60.1	287.8	220.1	26.2	246.4	55.7	302.1
1986	230.9	27.5	258.5	67.8	326.3	247.3	28.6	275.8	64.9	340.7

TABLE 4.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS UNDER PRESENT LAW AND UNDER THE SENATE FINANCE COMMITTEE PROPOSALS, ON THE BASIS OF THE 1981 TRUSTEES REPORT ALTERNATIVE II-B ASSUMPTIONS, CALENDAR YEARS 1980-90—Continued

(Dollar amounts in billions)

Calendar year	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	-\$1.8	-\$2.0	-\$3.8	\$0.5	-\$3.3	\$22.8	\$3.6	\$26.5	\$13.7	\$40.2	23	35	25	62	29
1981	-4.2	-1.0	-5.2	5.7	5	18.6	2.8	21.2	19.5	40.7	18	20	18	47	23
1982	4.4	1.1	5.5	-7.9	-2.3	23.0	3.7	26.7	11.6	38.3	13	13	13	57	20
1983	-7.1	-1.1	-7.2	-7.1	-14.3	16.0	3.6	19.6	4.5	24.0	14	17	14	29	17
1984	-17.3	-1.9	-19.2	-1.7	-20.8	-1.3	1.7	4	2.8	3.2	8	15	9	9	9
1985	-16.9	-1.7	-18.6	4.3	-14.3	-13.3	(*)	-18.2	7.2	-11.1	-1	7	(*)	9	1
1986	-16.3	-1.0	-17.3	3.0	-14.4	-34.6	-1.0	-35.5	10.1	-25.4	-7	(*)	-7	11	-3

\* Between \$0 and \$50,000,000.  
 † Between 0 and 0.5 percent.

assets of the OASI and DI funds would be insufficient to pay benefits when due in 1984 under the "worst-case" assumptions. The HI Trust Fund could become depleted at about the same time.

Note: The above figures do not reflect the effect of borrowing between the OASI and DI Trust Funds, as provided for in the Senate Finance Committee proposals. The combined income and

Source: Social Security Administration, Office of the Actuary, Oct. 9, 1981.

TABLE 5.—COMPARISON OF CURRENT COST,<sup>1</sup> TAX RATES, AND TRUST FUND RATIOS FOR THE OASDI TRUST FUND, ASSUMING ENACTMENT OF THE SENATE FINANCE COMMITTEE PROPOSALS

Calendar year:	Current cost	Scheduled tax rate <sup>2</sup>	Difference	Trust fund ratio <sup>3</sup>	Calendar year:	Current cost	Scheduled tax rate <sup>2</sup>	Difference	Trust fund ratio <sup>3</sup>
1981	11.29	10.70	-0.59	18	2001	10.94	11.80	.86	50
1982	11.29	11.80	.51	13	2002	10.91	11.80	.89	58
1983	11.23	11.40	.17	17	2003	10.88	11.80	.92	66
1984	11.26	10.90	-.36	18	2004	10.87	11.80	.93	74
1985	11.34	11.20	-.14	15	2005	10.89	12.40	1.51	81
1986	11.43	11.40	-.03	13	2010	11.39	12.40	1.01	134
1987	11.50	11.40	-.10	12	2015	12.62	12.40	-.22	149
1988	11.56	11.40	-.16	11	2020	14.16	12.40	-1.76	188
1989	11.58	11.40	-.18	9	2025	15.62	12.40	-3.22	217
1990	11.56	11.80	.24	8	2030	16.47	12.40	-4.07	(*)
1991	11.54	11.80	.26	9	2035	16.70	12.40	-4.30	(*)
1992	11.51	11.80	.29	9	2040	16.51	12.40	-4.11	(*)
1993	11.47	11.80	.33	14	2045	16.37	12.40	-3.97	(*)
1994	11.43	11.80	.37	17	2050	16.42	12.40	-4.02	(*)
1995	11.44	11.80	.36	19	2055	16.50	12.40	-4.10	(*)
1996	11.35	11.80	.45	22	25-yr averages:				
1997	11.25	11.80	.55	26	1981-2005	11.27	11.64	.37	
1998	11.15	11.80	.65	31	2006-2030	13.61	12.40	-1.21	
1999	11.04	11.80	.76	37	2031-2055	16.49	12.40	-4.09	
2000	10.96	11.80	.84	43	75-yr average: 1981-2055	13.79	12.15	-1.64	

<sup>1</sup> Based on alternative II-B of the 1981 trustees report, including effects of Public Law 97-35.  
<sup>2</sup> Combined employer-employee tax rates.  
<sup>3</sup> The trust fund ratio is determined to be the trust fund assets at the beginning of the year expressed as a percentage of the expenditures during the year.

<sup>4</sup> The fund is projected to be exhausted end not to recover before the end of the projection period.  
 Source: Office of the Actuary, Oct. 8, 1981.

TABLE 6.—COMPARISON OF CURRENT COST,<sup>1</sup> TAX RATES, AND TRUST FUND RATIOS FOR THE OASI TRUST FUND, ASSUMING ENACTMENT OF THE SENATE FINANCE COMMITTEE PROPOSALS

Calendar year:	Current cost	Scheduled tax rate <sup>2</sup>	Difference	Trust fund ratio <sup>3</sup>	Calendar year:	Current cost	Scheduled tax rate <sup>2</sup>	Difference	Trust fund ratio <sup>3</sup>
1981	9.89	9.40	-0.49	18	2001	9.61	10.30	.69	29
1982	9.95	10.37	.42	13	2002	9.55	10.30	.75	31
1983	9.95	10.07	.12	17	2003	9.50	10.30	.80	38
1984	10.01	9.71	-.30	17	2004	9.46	10.30	.84	47
1985	10.12	10.01	-.11	14	2005	9.45	10.90	1.45	55
1986	10.23	10.20	-.03	12	2010	9.92	10.90	1.08	117
1987	10.30	10.20	-.10	11	2015	10.96	10.90	-.06	134
1988	10.36	10.20	-.16	10	2020	12.47	10.90	-1.57	159
1989	10.39	10.20	-.19	8	2025	13.97	10.90	-3.07	188
1990	10.37	10.30	-.07	6	2030	14.90	10.90	-4.00	217
1991	10.35	10.30	-.05	5	2035	15.17	10.90	-4.27	(*)
1992	10.32	10.30	-.02	5	2040	14.95	10.90	-4.05	(*)
1993	10.28	10.30	.02	4	2045	14.78	10.90	-3.88	(*)
1994	10.24	10.30	.06	4	2050	14.83	10.90	-3.93	(*)
1995	10.24	10.30	.06	5	2055	14.94	10.90	-4.04	(*)
1996	10.13	10.30	.17	5	25-yr averages:				
1997	10.01	10.30	.29	6	1981-2005	10.00	10.23	.23	
1998	9.88	10.30	.42	9	2006-2030	11.99	10.90	-1.09	
1999	9.76	10.30	.54	13	2031-2055	14.93	10.90	-4.03	
2000	9.66	10.30	.64	18	75-yr average: 1981-2055	12.31	10.68	-1.63	

<sup>1</sup> Based on alternative II-B of the 1981 trustees report, including effects of Public Law 97-35.  
<sup>2</sup> Combined employer-employee tax rates.  
<sup>3</sup> The trust fund ratio is determined to be the trust fund assets at the beginning of the year expressed as a percentage of the expenditures during the year.

<sup>4</sup> The fund is projected to be exhausted and not to recover before the end of the projection period.  
 Source: Office of the Actuary, Oct. 8, 1981.

TABLE 7.—COMPARISON OF CURRENT COST,<sup>1</sup> TAX RATES, AND TRUST FUND RATIOS FOR THE DI TRUST FUND, ASSUMING ENACTMENT OF THE SENATE FINANCE COMMITTEE PROPOSALS

Calendar year:	Current cost	Scheduled tax rate <sup>2</sup>	Difference	Trust fund ratio <sup>3</sup>	Calendar year:	Current cost	Scheduled tax rate <sup>2</sup>	Difference	Trust fund ratio <sup>3</sup>
1981	1.40	1.30	-0.10	20	2000	1.30	1.50	.20	228
1982	1.34	1.43	.08	13	2001	1.33	1.50	.17	237
1983	1.28	1.30	.05	20	2002	1.35	1.50	.15	245
1984	1.24	1.19	-.05	25	2003	1.38	1.50	.12	250
1985	1.22	1.19	-.03	21	2004	1.41	1.50	.09	252
1986	1.20	1.20	-.00	19	2005	1.44	1.50	.06	253
1987	1.19	1.20	.01	19	2010	1.57	1.50	-.07	236
1988	1.19	1.20	.01	20	2015	1.66	1.50	-.16	195
1989	1.19	1.20	.01	21	2020	1.69	1.50	-.19	145
1990	1.19	1.50	.31	21	2025	1.64	1.50	-.14	100
1991	1.19	1.50	.31	45	2030	1.56	1.50	-.06	72
1992	1.19	1.50	.31	71	2035	1.54	1.50	-.04	56
1993	1.19	1.50	.31	96	2040	1.56	1.50	-.06	41
1994	1.19	1.50	.31	122	2045	1.59	1.50	-.09	17
1995	1.20	1.50	.30	146	2050	1.59	1.50	-.09	(*)
1996	1.22	1.50	.28	166	2055	1.56	1.50	-.06	(*)
1997	1.24	1.50	.26	185	25-yr averages:				
1998	1.26	1.50	.24	201	1981-2005	1.27	1.41	.14	
1999	1.28	1.50	.22	215	2006-2030	1.62	1.50	-.12	
					2031-2055	1.57	1.50	-.07	
					75-yr average: 1981-2055	1.48	1.47	-.01	

<sup>1</sup> Based on alternative II-B of the 1981 trustees report, including effects of Public Law 97-35.

<sup>2</sup> Combined employer-employee tax rates.

<sup>3</sup> The trust fund ratio is determined to be the trust fund assets at the beginning of the year expressed as a percentage of the expenditures during the year.

<sup>4</sup> The fund is projected to be exhausted and not to recover before the end of the projection period.

Source: Office of the Actuary, Oct. 8, 1981.

From the Department of Health and Human Services, Sept. 30, 1981]

GENERAL MEMORANDUM

From: Robert J. Myers, Deputy Commissioner for Programs.

Subject: Date When Combined Trust Funds Will be Exhausted Under Worst-Case Assumptions—Previous Law, Present Law, and Finance Committee Proposal (revision of memorandum of September 28).

This memorandum will present information as to when the combined OASI, DI, and HI Trust Funds would be exhausted under worst-case economic assumptions. Considering the combined three trust funds is tantamount to what the situation would be with interfund borrowing being permitted (note that the Finance Committee proposal provides only for borrowing between the OASI and DI Funds).

The following table shows the trust fund ratio for the law as it was before the Omnibus Budget Reconciliation Act of 1981 as contained in the 1981 Trustees Report, for the situation now after the Reconciliation Act was enacted, and for what the situation would be if the current proposal of the Senate Finance Committee were adopted:

(In percent)

Calendar year:	1981 trustees report	After Reconciliation Act	After Senate Finance Committee proposal
1981	23	23	23
1982	20	21	20
1983	15	17	17
1984	5	9	9
1985	( <sup>1</sup> )	1	1
1986	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Funds completely exhausted.

Under the law as it was before the Reconciliation Act, the combined trust funds would have been unable to meet benefit commitments in a timely manner some time shortly after the middle of 1983, or slightly less than one year after the OASI Trust Fund would be at a level inadequate to pay benefits when due (in the fall of 1982).

Considering the situation after the enactment of the Reconciliation Act, the date when insufficient assets would be on hand to meet benefit commitments would be approximately in the middle of 1984 (after the June 1984 benefit increases become effective). Thus, the effect of the Reconciliation Act was to extend the critical date by almost one year. (Note that a fund ratio of 9 percent at the beginning of the year is generally sufficient so that benefit obligations can be met for the first half of the year.)

Under the Senate Finance Committee proposal, which has interfund borrowing possible only between the OASI and DI Trust Funds (whose combined fund-ratios are 14 percent at the beginning of 1983 and 9 percent at the beginning of 1984), the critical date would be some time in the middle of 1984.

Mr. MOYNIHAN. Will the Senator yield?

Mr. DOLE. Yes.

Mr. MOYNIHAN. Mr. President, I see our distinguished chairman of the subcommittee is in the Chamber. I wish to hear him and not delay him.

I would like to express my appreciation to the chairman for calling attention to the Gwirtzman Commission and also perhaps, particularly because it is very much a part of our subject but not seen as such, the work of the President's Commission on Retirement Policy, which was a body headed by C. Peter McCullough. It came forward with some major findings and proposals that have not, in fact, been worked into our consideration.

I think it could be said as a reasonable proposition that you cannot any longer seriously discuss social security as if there were no other retirement systems in place in the country. When social security began, that was by and large so. It is not any longer so. Most workers today have a supplemental pension arrangement designed to build on top of social security, such as anything we do to the one system affects the other. Mr. McCullough very eloquently and persuasively, in his study, showed that interlink-

ing. And if Congress is going to reconsider the long-range prospects of this system, which it is going to do, it is time for us to know that it is now a dual system, not just a single one, and the one affects the other.

It would have been the case, for example, that had the reductions originally proposed by the administration gone into effect, you would have renegotiated labor contracts in this country just by virtue of the changes. This shows the degree to which labor agreements, especially those on pension provisions, are built on certain assumptions on social security, which is why those assumptions cannot be changed in 4 months or 9 months or a 10-month time period.

A general point—and then I wish to take advantage of this opportunity to hear the chairman of my subcommittee—is that no one questions the difficulties which face this system over the next half century. Nobody does. To do that is to deny a self-evident reality. We do not want partisan considerations to come forward in the debate, or at least I do not.

May I just say to my chairman, the distinguished chairman of the committee, that the most optimistic statement about the condition of these funds in the next 5 years, the statement that says there is no need to do anything about them, has come from the administration.

I ask unanimous consent that there be printed in the Record at this point, if the chairman will indulge me, table 7 of the "staff data materials related to social security finance," prepared by the staff of the committee, which shows that assets at the beginning of the year as a percentage of outgo during the year, according to the administration's mid-term review assumptions, range from 29 percent in 1980, dipping down to 22 and rising up, by 1986, to 31 percent.

There being no objection, the table was ordered to be printed in the Record, as follows:



TABLE 7.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS AS MODIFIED BY THE "OMNIBUS BUDGET RECONCILIATION ACT OF 1981," MID-SESSION REVIEW ASSUMPTIONS 1980-86

(Dollar amounts in billions)

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980.....	\$105.8	\$13.9	\$119.7	\$26.1	\$145.8	\$107.7	\$15.9	\$123.5	\$25.6	\$149.1
1981.....	123.6	17.0	140.7	35.4	176.1	126.7	18.0	144.7	29.5	174.3
1982.....	133.2	24.0	157.2	40.4	197.6	140.6	19.0	159.7	33.6	193.2
1983.....	146.8	27.6	174.4	45.3	219.7	154.3	19.9	174.2	38.6	212.8
1984.....	161.1	31.0	192.1	50.2	242.3	168.0	20.9	188.9	44.3	233.2
1985.....	182.3	39.3	221.5	56.8	278.3	182.4	22.1	204.4	50.7	255.1
1986.....	199.2	44.1	243.3	65.9	309.2	196.6	23.3	219.9	57.7	277.7

  

Calendar year	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980.....	-\$1.8	-\$2.0	-\$3.8	\$0.5	-\$3.3	\$22.8	\$3.6	\$26.5	\$13.7	\$40.2	23	35	25	52	29
1981.....	-3.1	-1.0	-4.0	5.8	1.8	19.7	2.7	22.4	19.6	42.0	18	20	18	47	23
1982.....	-7.4	4.9	-2.5	6.9	4.4	12.3	7.6	19.9	26.5	46.4	14	14	14	58	22
1983.....	-7.5	7.7	.2	6.7	6.9	4.8	15.3	20.1	33.2	53.3	8	38	11	69	22
1984.....	-7.0	10.1	3.2	5.9	9.1	-2.1	25.4	23.3	39.1	62.4	3	73	11	75	23
1985.....	-1	17.2	17.1	6.1	23.2	-2.2	42.6	40.4	45.2	85.6	-1	115	11	77	24
1986.....	2.6	20.7	23.3	8.2	31.5	.4	63.4	63.7	53.4	117.1	-1	183	18	78	31

Note: Estimates for 1983 and later are theoretical since the OASI Trust Fund would become depleted early in 1983 when assets become insufficient to pay benefits when due. Source: Office of the Actuary, SSA, Aug. 14, 1981.

Mr. MOYNIHAN. If that was the income statement rather than a projection, you would know the funds to be in quite ample condition. The 12 or 13 percent is a scary point, but only at 9 percent or below do you run out of money. You cannot pay your bills. But 22, 30, 31, that is an easy margin. A well-run business would never want to have any more cash on hand than that, although obviously social security is not a business. As a point of fact a business would never want to have cash on hand, not being used for any other purposes than handling accounts, of much more than 5, 6, 7, or 8 percent of its expected outgo while maintaining a line of credit at a bank which could immediately take up any shortfall that might happen. That is just a principle of business management.

I simply mean to say that there is no partisan debate about the existence of problems in this system. It is not that of one party denying or the other party asserting, although it was not a member of this party who said that in November 1982 there would be the greatest bankruptcy in history. It was not necessary to say that but, once said, it is not going to happen.

Having agreed there is no party difference in our perception, we are nonetheless separated, one group saying everything is awful and the other group saying everything is fine. If you want to find the most optimistic statement made, it is by the administration in their midterm assumptions.

So be it. We are not trying to fault anybody's forecast, but we would like to point out that optimism is scarcely a monopoly on this side of the aisle in this matter. As a matter of fact, we have done some very difficult, if necessary, things

already, and I do not doubt we will have to do more, with more to be done. We are ready to cooperate, but we also ask for cooperation. I might say in this Chamber we are receiving that cooperation.

Mr. President, the distinguished chairman of our subcommittee is on the floor. I hope he will be speaking. I see that he is preparing to do so and I happily yield to him.

Mr. ARMSTRONG. Mr. President, I thank the Senator from New York for his observations and for his contribution to the issue which we are bringing to the attention of the Senate today.

I would say to the Senate, and particularly those who have followed closely the progress of the social security debate, that I am reminded of a story involving a small community in which there had been a horrible crime committed. It was a murder. In due course a person was apprehended and a trial ensued. The prosecutor involved realized that this was probably going to be the most important case of his entire career, so he spoke at some length during the presentation of his case, for several weeks, and brought out every detail of the case, all of the background, going on and on and on.

The person who was charged with marshaling the defense of the case was not to be outdone and he talked for some weeks also.

During the course of this, the whole town sort of came to a stop as they were transfixed by recounting day after day the awful details of this heinous crime which had been committed in their midst. Finally, the judge got caught up in the excitement and the general suspense of the event and there came time to give his instructions to the jury. He,

too, spoke at great length. In fact, he took the whole day to give his instructions to the jury. Interestingly, after the trial had gone on for several weeks, and all of these gory details had been brought out in open court, with the judge taking a full day to give his instructions to the jurists, the jury retired, met briefly, and about 15 minutes later came back and addressed the court.

The judge said, "Can it be that you have already reached a conclusion?"

The foreman of the jury replied, "Yes, Your Honor, we have. We have decided we don't want to get mixed up in this horrible mess."

That, in brief, is the general reaction to the social security problem.

The New York Times a day or two ago published an editorial which expresses perhaps with greater precision the general sentiment which I have just described. I ask unanimous consent, Mr. President, that the New York Times editorial of October 13, 1981, be printed in the Record, because it sums up so well the real dilemma that we face in trying to seriously and thoughtfully address the issue of social security reform.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

HIDING FROM SOCIAL SECURITY

Adroit politicians don't ignore issues too hot to handle. They appoint commissions to study them. And after an initial burn or two, that is just what President Reagan has chosen to do with Social Security. In this case, through, adroit politics doesn't make for good public policy. The longer Washington puts off a remedy for Social Security's financial woes, the harder it will be to find one.

Social Security's obligation to beneficiaries, current and future, far exceeds its resources. That is because Social Security does not col-



lect enough payroll tax to pay for the benefits Congress has voted for each generation of retirees. The Government has been muddling through, imposing a gradually increasing payroll tax on a growing labor force.

But now the days of the cheap lunch are over. The combined employer-employee tax has reached 13.3 percent of the wages of most workers and is scheduled to rise to 15.3 percent by 1990. It is unlikely, in the era of Proposition 13 and Ronald Reagan, that Congress will raise the tax yet higher.

So virtually all the plans proposed to solve Social Security's long-term financial problems depend on reducing benefits. The future retirement age for maximum benefits could be gradually raised. Benefit increases could be tied to the growth of wage rates rather than, as now, to the cost of living. Or benefits could be taxed like other income, with the proceeds earmarked for Social Security.

President Reagan proposed his variations on the benefit reduction theme—some sensible, some not—as part of his 1982 budget. Congress, acutely aware of the voting power of old folks, ignored them. Now Mr. Reagan proposes to hand the problem to a commission. But there's no reason to think a new group, even if one is convened, will any more weave silken solutions from polyester thread than others appointed in recent years to study Social Security.

A stopgap plan to borrow retirement money from the fund earmarked for hospital benefits would make it possible to keep the system solvent for a while longer. But that well, too, will run dry, perhaps—depending on the economy—as soon as 1983, and Congress would then be forced to tackle the issue again.

At least two lessons can be salvaged from this political and economic debacle:

Any change in Social Security requires bipartisan support. There is no way to strip politics from a program that so affects 40 million voters. Both the House Ways and Means and the Senate Finance Committees deserve high marks for aiming at a bipartisan strategy. President Reagan and House Speaker O'Neill, jostling for political advantage, effectively sabotaged their efforts.

Budget balancing should not be confused with Social Security reform. If the President had offered changes solely to guarantee the long-term solvency of the system, he might have carried Congress along the high road of reform. Instead he is trying to exploit Social Security in his effort to cut the budget without limiting defense spending.

It is inconceivable that America would ever let politics destroy its most important and most successful social program. But it is hard, for the moment, to see who will champion its reform. In the words of the men in the White House: "If not us—who? If not now—when?"

Mr. ARMSTRONG. I will not take but a moment to read two brief excerpts from it.

Let me call attention to the first paragraph of the editorial which makes the main point.

Adroit politicians don't ignore issues too hot to handle. They appoint commissions to study them. And after an initial burn or two, that is just what President Reagan has chosen to do with social security. In this case, though, adroit politics doesn't make for good public policy. The longer Washington puts off a remedy for social security's financial woes, the harder it will be to find one.

Among the conclusions which the editorial reaches, and one which I unhesitatingly endorse, is the following:

Budget balancing should not be confused with social reform.

But the most important conclusion of all reached by the New York Times on this issue is this succinct observation:

Any change in social security requires bipartisan support. There is no way to strip politics from a program that so affects 40 million voters. Both the House Ways and Means and the Senate Finance Committees deserve high marks for aiming at a bipartisan strategy. President Reagan and House Speaker O'Neill, jostling for political advantage, effectively sabotage their efforts.

Mr. President, it is not my purpose to point fingers at any person, least of all the President of the United States and the Speaker of the House, but I do think it worth noting in passing the administration made a serious tactical error in the presentation of their initial social security reform measures, at least in the timing, because in submitting the legislation at the time that they did, at the very moment when a huge battle had been fought in the House, successfully, by the administration over the issue of the budget reconciliation measure, they invited the Speaker and others to pounce on this proposal as at least something that was an arguable proposition.

In effect, they invited a partisan response to a matter which really should not have been partisan and which I think the administration never intended to be taken in that light.

In any case, through the spring and summer, and now through the fall, we have been treated to the spectacle of this issue of social security reform being lobbed back and forth between the two parties like some kind of political hand grenade. I regret that very much.

The legislation which we are now debating and which we will undoubtedly soon pass will delay but not prevent the threatened bankruptcy of the social security system. The bill restores the minimum social security benefit, a desirable piece of legislation.

But we will delude ourselves and, what is worse, we will delude the people that we are here to represent, if we hold out the hope that this legislation will solve either the short- and long-term problems of social security's financial soundness. This bill is a stopgap and nothing more.

All it does is delay the day of final reckoning when Congress must squarely face this simple fact: Social security, the Nation's largest domestic program, a financial lifeline for 36 million Americans, is going broke.

The main provision of this bill, as has been explained so well by previous speakers, is interfund borrowing. At best, this can be nothing more than a stopgap. Social security is comprised of three separate funds, retirement, disability, and hospitalization.

Social security is comprised of three separate funds—retirement, disability, and hospitalization. Each of these funds is separately financed through social security payroll taxes. Two of the funds are in surplus. The other, the retirement fund, is badly in arrears. Interfund borrowing permits the trustees to borrow from one fund to another to help reduce the deficit in the one fund

that is now unable to meet its obligations.

But even with interfund borrowing, Mr. President, the most optimistic assumption is that all three trust funds will be bankrupt at the end of this decade. Therefore, interfund borrowing is not a solution but merely a postponement of the inevitable reality.

Mr. President, I should like to call to the attention of the Senators a few of the broad issues which I perceive as those with which we must wrestle if we are going to be serious about a long-term solution to the problem.

First of all, social security is losing and will continue to lose something like \$12,000 a minute, every day, around the clock, 365 days a year.

Second, social security will continue to accumulate annual deficits, as it has in each of the past 6 years.

Third, the cash reserves of the social security system, which are keeping the system afloat despite the deficits, will continue to be depleted and are going down at an alarming rate. Just 9 years ago, I say to my colleagues, there was \$100 in reserves for every dollar of benefit paid. Today, there are just \$18 for every benefit dollar, and next year, the ratio is expected to drop to \$13 to \$1.

Finally, and this is the statistic which is quoted so often, and properly so, over the next 75 years, social security will owe \$1.6 trillion in benefits more than it will be able to pay.

These are not the nightmares of some wild-eyed alarmists, Mr. President. These are the facts from legally required reports submitted to the Congress of the United States by the Secretaries of the Treasury, Labor, and Health and Human Services.

Under the circumstances, it is no surprise that the majority of the American people believe that the social security system will not have the funds to pay them the benefits that they are expecting to receive at the time of retirement.

The irony of all this is that the situation we face could have been avoided, should have been avoided, and, even at this late date, can be avoided.

What is needed now is a bipartisan, bicameral willingness to face facts, and to focus on specific, practical, and reasonable solutions to social security's financial crisis, which were alluded to in the New York Times editorial I mentioned earlier.

Mr. President, the cynics are saying—and there are plenty of cynics around here—that it will be impossible for us to come to grips with a broad-gaged social security reform bill. I suppose if you are sitting up on Mount Olympus, looking down upon the Congress of the United States, and you are placing a bet as if you were handicapping a horse-race or something, the way to bet is that the cynics' predictions will be justified.

The odds are that we shall not be able to bring forth at an early date the kind of permanent, long-range reform of the social security system which is so clearly shown to be needed by the condition of the trust funds.

But, I say to my colleagues, we are not sitting up on Mount Olympus. We are

down here in the real world and I am here to report today that not only is it better than an impossibility; I think there is a real likelihood that we will be able to work out the kind of reform bill that will close the \$1.6 trillion gap in social security funding.

I stress that I cannot promise this, and it is certainly, I guess, less than a 50-50 prospect. But the issue is so important and the stakes are so high and the opportunity is so fleeting that I want my colleagues to know that a number of us who are working on his problem have not given up on bringing out a social security reform bill even this year or, if we fail this year, early next year.

Mr. President, the atmosphere for doing so is quite difficult. We have an issue that affects, as I have said, some 36 million Americans and there is already a certain politicizing of the issue which is making the problem very difficult. I know of at least one case where candidates running against elected incumbents are taking out whole-page advertisements in which they declare they are for social security and their opponent is against social security.

A number of groups have banded together to form a coalition which, they say, is necessary to save the social security system, and their proposal to save it is to resist any of the changes which are so manifestly necessary to prevent it from ultimately going broke. So, in the eyes of people like this, if you are for social security, you have to be against any changes in the system.

Well, to be for social security and against the changes that are needed to assure the soundness of it is to really say that you are for a social security system that is going to run out of money next year or the year after or the year after that.

For us to sit around the Senate splitting hairs as to when the last dollar will be spent in the social security system, whether it is going to run out of money a year from now or 2 years from now or in 1984 seems to me to be the height of irresponsibility.

We ought to take the same kind of trustee attitude about this that we would if we were on the board of a private pension system—not to assure that we are going to make it through the next 12 months but to assure that, through the lifetime of all the people to whom we have made promises of assistance, it will be sound.

That is the issue on which I am sure a number of my colleagues on both sides of the aisle and a number of our counterparts in the House are seriously interested.

In order to approach a long-term solution to the social security system problem, we need to start by asking ourselves, how did we get into the morass that we now find ourselves in? How did we get \$1.6 trillion in debt?

First, Congress constantly provided benefits beyond any reasonable ability to pay for them. Since the program was created in 1940, Congress has adopted more than 23 separate benefit expansions of the program, to the point now

where benefits are paid to widows and widowers, college and high school students, early retirees and others.

In addition, basic retirement benefits have been adjusted upward by no less than 699 percent; \$1 trillion in benefits has been paid out, and another trillion dollars in benefits will be paid in the next 5 years.

We are now to the point where, in 1985 alone, total pension and disability benefit payments will exceed \$220 billion.

In short, Mr. President, Congress has been promising benefits far beyond what we can reasonably expect to deliver.

The second reason for social security's plight is that past Congresses have relied almost exclusively on increasing payroll taxes to partially offset the costs of the benefits it promised. Social security taxes have increased 2,011 percent.

There is little wonder, I think, that none of us in Congress is seriously proposing additional payroll tax increases. I know of no one who does advocate those increases. Now that social security taxes cost more than 13 percent of payroll and are scheduled to continue to rise—indeed, counting both the employer and employee portions of the social security tax, the average working man or woman in America today pays more, substantially more, in social security tax than they pay in Federal income tax—raising taxes to pay for benefits is not the answer.

Third, I think we need to recognize, as a precondition to really solving this problem, that we have mismanaged in the past. Honestly, we have used overly optimistic assumptions about the future of the economy, as we have calculated benefits. We have rushed through benefit increases in the closing hours of Congress shortly before adjournment and, some might note, shortly before elections. We have done it over and over again.

In 1972, Congress enacted a bill that led to the double indexing of benefits, huge windfalls to social security recipients, and which cost the social security trust funds billions and billions of dollars in overpayments.

Finally, let me observe that there is an inherent problem in the creation of large-scale Federal programs which future generations are obligated to finance. That problem is that we cannot really predict the future. Those Senators and Congressmen who voted in 1940 to create the social security system could not, and did not, predict the massive changes that would occur in the American workplace.

In 1940, there were few two-income married couples, the birth rate was skyrocketing, and the Nation was still in its youth: There were 16 workers for every 1 social security recipient.

It was in this political and demographic environment that social security was created. That environment bears virtually no resemblance to the workplace today. Two-income couples comprise more than 30 percent of the work force, birth rates are declining and there are less than three workers for every social security recipient.

This is a key factor in today's social security deficits. Social security benefits

are financed on a pay-as-you-go system. In other words, benefits paid in 1940 were financed through taxes paid in 1940, and benefits paid today result from taxes paid today.

But with fewer workers supporting an ever larger number of recipients, no wonder the system is flowing with red ink. The point is that for all practical and moral purposes, we are committed to a system that was created by those who had no conception of today's lifestyle.

Even though solutions to the social security financial crisis are limited by actions taken by previous Congresses, it would be terribly irresponsible for us to simply pass the pending bill and then wash our hands of the issue and hope that the problem will go away. It will not go away. The problem cannot be solved by ignoring it nor through political grandstanding.

In my judgment, it can be solved only if we can put together a bipartisan, bicameral package which will be broadly acceptable not only in this Chamber and in the House but also by the recipients and others who are most directly affected.

So the main question is, Are we willing to really become serious about social security? One of the Members of the House privately made the observation that we will never get this job done at this time because the crisis is not imminent enough; that the only way we can legislate around here, according to at least this one Member, is for the crisis to become so serious that the checks are not ready to go out. Maybe he is right: I hope he is not.

I know a lot of people who think that the task of really reforming the social security system—that is, really insuring in the long run the financial soundness of social security—is for this Congress to focus and discipline itself.

I recall that Carlyle said that at the outset, every noble task is seen to be impossible. I believe that saving the social security system, restoring it to financial soundness, assuring the recipients and future generations of recipients the kind of peace of mind that only a fully actuarially sound social security system can provide, is indeed a noble task, and I trust that it will be one which will not be impossible. The issue is, Do we have the will to take on that job?

Mr. President, in conclusion, I should like to share with my colleagues the fact that some of us have been meeting behind closed doors to consider a number of different options. As I have expressed on other occasions, as I look at more than 2 dozen—and now more than 3 dozen—different options by which we could adjust the eligibility standards or benefits, I find many that I could support. The issue is simply this: Out of all the proposals that have been made, what can we pick and choose that will be broadly acceptable and will close the \$1.6 trillion funding gap?

It is just as simple as that. Except for a couple of items I have already mentioned—general fund financing and the prospect of raising the payroll tax—I am ready to negotiate on any other proposals on the table.

I will put in the Record a list of no less

than 39 separate proposals which have been suggested by some individual or group. In all, I am told that this list of options, which was prepared by the staff of the Senate Finance Committee, adds up to about \$8 trillion in potential cost savings, over time, to the social security system. We need pick off this shopping list only \$1.6 trillion.

In talking to Members on both sides of the aisle in this body and in extensive consultation with Members of the other body, and with the most thoughtful and responsible outside interest groups, the consensus is that we do have a chance to make those kinds of decisions, to select from these options or others that may be suggested the kind of proposals which will add up to enough savings to put social security on a sound basis.

Mr. President, I ask unanimous consent to have printed in the Record the list of social security financing options which has been prepared by the staff of the Committee on Finance, to which I very much encourage the attention of all Members.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

**SOCIAL SECURITY FINANCING OPTIONS**  
(Prepared by the staff of the Committee on Finance)

Lengthen period for computing average earnings by 3 years.

Temporary constraint on adjustment of benefit formula.

Eliminate dependents' benefits in early-retirement cases.

Eliminate "windfall" social security benefits for persons with pensions from noncovered employment.

Increase waiting period for disability insurance benefits to 6 months.

Require prognosis of not less than 24 months of disability.

Move date for automatic benefit increases from June to September.

Limit retroactivity of benefits.

Acceleration of state and local government social security tax deposits (increased receipts).

Prorate benefit increase in first year of eligibility.

A "safety valve" trigger to limit social security COLA (with interfund borrowing or with tax reallocation).

Raise the age of eligibility for retirement benefits.

Price index the benefit formula.

Change the benefit formula used in determining initial benefits.

Cost-of-living adjustment changes: Limit benefit increase to the lower of the increase in wages or prices; 80 percent cap on annual COLA; 3-percent COLA reduction for 3 years; and Base COLA-on the personal consumption expenditure (PCE) chain index.

Reduce benefits for early retirement.

Reduce the benefit rate for spouses.

Increase the age of eligibility for widow(er)'s benefit to 62.

Increase disability insured-status requirement to 30-out-of-40 quarters.

Make disability benefits payable until 62.

Maintain the retirement test exempt age at 72.

Eliminate the ceiling on taxable earnings.

Extend mandatory coverage to newly hired government employees.

Tax social security benefits in same manner as other government or private pension income.

Tax one-half of social security benefits. Increase the payroll tax to eliminate OASDI deficit.

Apply one-half of HI tax to OASDI (additional income).

Repeat the Retirement Test.

Phase in actuarially based delayed retirement credit.

Index earnings records of older workers closer to actual retirement.

Phase out weighted benefit formula, and phase in a proportional or flat benefit amount.

Phase out derivative benefits.

Revise administration of an investment strategy for Social Security Trust Funds.

Increase liquor and tobacco excise taxes, and earmark revenues to Social Security Trust Funds.

Implement Social Security Options Accounts.

Eliminate Social Security benefits for college students.

**1. LENGTHEN PERIOD FOR COMPUTING AVERAGE EARNINGS BY 3 YEARS**

Present Law: A worker's primary insurance amount (PIA) is calculated by applying a formula to the worker's average monthly earnings over a certain number of years. In retirement cases, the number used generally equals 5 less than the number of years after 1950 (or after age 21, if later) and up to the year in which the worker reaches age 62. For workers reaching age 62 in 1981, this means that earnings are averaged over 25 years. After 1990, a 35-year averaging period will apply to all retirees.

Proposal: The number of years over which earnings are averaged would be extended by 3 years. This extension of the computation period would be accomplished over a 3-year phase-in period. Under the phase-in, the number of years over which benefits are averaged would be increased by 1 year for those reaching age 62 in 1982, by 2 years for those reaching age 62 in 1983, and by 3 years for those reaching age 62 after 1983. As under present law, all earnings, regardless of the age at which they were obtained, can be used in the averaging computation.

A conforming change would similarly increase the number of quarters-of-coverage required for eligibility for persons reaching age 62 before 1991. The ultimate quarters-of-coverage requirement would remain at 40.

Savings: Long-range: \$210 billion\* (.25 percent of taxable payroll).

Endorsed by: Reagan administration, Congressman Bill Gradison.

**2. TEMPORARY CONSTRAINT ON ADJUSTMENT OF BENEFIT FORMULA**

Present Law: In computing benefits, a worker's earnings under social security are averaged and a benefit formula is applied to those average indexed monthly earnings (AIME) to arrive at the initial basic benefit amount called the primary insurance amount (PIA). The PIA is the amount a worker is eligible to receive at 65. Dependents' and survivors' benefits are based on the worker's PIA.

The formula for a worker who becomes eligible for benefits in 1981 is: 90 percent of the first \$211 of AIME, plus 32 percent of the AIME from \$211 through \$1,274, plus 15 percent of the AIME over \$1,274.

The two dollar figures in the formula, \$211 and \$1,274, are bend points—the points at which the weighing in the formula changes. The bend points are raised (indexed) each year to reflect increases in average wages in the economy. Thus, a new formula is created each year for the new group of workers becoming eligible for benefits in that year.

This system was adopted by the 1977 Social Security Amendments. The annual adjustment of the bend points by the full amount of the increase in average wages leads to

\*Present value of future cost savings (or increased revenues) during the 75 year valuation period, measured in 1981 dollars.

higher initial benefits over time and to replacement rates—the percentage of a worker's prior earnings that are replaced by his social security benefit—that remain at approximately the same level.

Proposal: Effective for the years 1982 through 1987, increase the dollar amounts to which each of the percentages apply (the bend points in the benefit formula) by 50 percent, rather than 100 percent, of average wage increases. In 1988 and thereafter, the benefit formula would be adjusted as under current law to reflect the full change in average wages.

Savings: Long-range: \$1.100 trillion (1.29 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

**3. ELIMINATE DEPENDENTS' BENEFITS IN EARLY-RETIREMENT CASES**

Present law: Under present law, unmarried children (1) under age 18, and (2) under age 19, if full-time elementary or secondary students, and (3) age 18 or older, if disabled before age 22, are eligible to receive monthly social security benefits based on the earnings of a retired or disabled worker. (Until July 1985, certain post-secondary student beneficiaries are also eligible for benefits at ages 18-21, on a gradually phased-down basis.)

Proposal: Eliminate child's benefits based on the earnings of workers who elect to receive early-retirement benefits. Children would receive benefits when the worker electing early retirement reached age 65.

(The proposal would also effectively eliminate young parents' benefits in early retirement cases. Such individuals, who are not yet age 62 and eligible for a regular aged spouse's benefit, are eligible for spouses' benefits only if they have in their care a child who is receiving benefits.)

This provision would apply to children of individuals who attain age 62 after December 1981.

Savings: Long-range: \$20 billion (0.02 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

**4. ELIMINATE "WINDFALL" SOCIAL SECURITY BENEFITS FOR PERSONS WITH PENSIONS FROM NONCOVERED EMPLOYMENT**

Present law: The present law benefit formula for persons who reach age 62 or become disabled in 1981 is: 90 percent of first \$211 of AIME (average indexed monthly earnings), plus 32 percent of AIME over \$211 and through \$1,274, plus 15 percent of AIME over \$1,274.

By construction of the benefit formula, social security benefits for workers with low average earnings are a relatively high proportion (up to 90 percent) of their average indexed earnings under social security. In the computation of benefits, no distinction is made between the worker who has a lifetime of low earnings and the worker who has low average earnings because he worked only a few years in covered employment (possibly at high wages) and many years in employment, not covered by social security. Both groups receive the heavily weighted social security benefit that is intended for the first group—workers who have been dependent on low covered wages during their working lifetimes. The heavily weighted benefit paid to the second group is sometimes referred to as a "windfall."

Proposal: Retired and disabled workers who become eligible for social security benefits after 1981 would have their benefit reduced (but not eliminated) if they also receive a pension based on their own earnings in noncovered employment. For such workers, the heavily weighted 90-percent factor in the first band of the benefit formula would be replaced by a factor of thirty two percent. There would be a guarantee

that the total benefit under the proposal would not be less than the present law social security benefit plus 50 percent of the worker's pension based on noncovered employment. Benefits for dependents and survivors would not be affected.

Savings: Long-range: \$80 billion (0.09 percent of taxable payroll).

Endorsed by: House Social Security Subcommittee (Pickle Bill) Congressman Bill Gradison.

#### 5. INCREASE WAITING PERIOD FOR DISABILITY INSURANCE BENEFITS TO 6 MONTHS

Present law: Social Security disability benefits are not payable until the worker (or widow(er) aged 50-59) has been totally disabled throughout a waiting period of 5 full calendar months. Until amendments enacted in 1972, the waiting period was 6 months. There is no waiting period for SSI payments to the disabled.

Proposal: Increase the waiting period from 5 to 6 full calendar months. This provision would be effective for people who first become entitled to disability benefits after December 1981, based on a disability that began after June 1981. (SSI disability payments will continue to be made with no waiting period.)

Savings: Long-range: \$25 billion (0.03 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

#### 6. REQUIRE PROGNOSIS OF NOT LESS THAN 24 MONTHS OF DISABILITY

Present law: One requirement for social security and SSI disability benefits is that an individual's impairment be expected to result in death or last for a continuous period of not less than 12 months. The 12-month test, enacted in 1965, replaced a test which required the disabling condition to be of "long-continued and indefinite duration".

Proposal: Extend the prognosis-duration requirement for social security disability benefits from 12 months to 24 months. (The SSI prognosis-duration requirement would not be changed.) The 24-month prognosis-duration requirement would be roughly equivalent in practice to the old law requirement. The provision would be effective for people who first become entitled to disability benefits after December 1981, based on a disability that began after June 1981.

Savings: Long-range: \$60 billion (0.07 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

#### 7. MOVE DATE FOR AUTOMATIC BENEFIT INCREASES FROM JUNE TO SEPTEMBER

Present Law: The automatic cost-of-living increase in social security benefits and SSI (supplemental security income) payments is payable at the start of July. The amount of the increase is equal to the percentage by which the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the first quarter of the current calendar year has increased over the average of the CPI for the first quarter of the previous calendar year. No cost-of-living increase is paid unless the increase in the CPI is at least 3 percent.

The cost-of-living increase provision, as originally enacted in 1972, would have made increases effective in January of each year. Legislation enacted in December 1973 intentionally put the benefit increase on a fiscal year basis in order to avoid creating a substantial outlay increase in the fiscal year 1974 budget. The fiscal year at that time was on a July to June basis. In 1977, the fiscal year was moved to an October to September basis, but the month in which the benefit increase is provided was not similarly changed.

Proposal: Effective with the 1982 increase, the social security and SSI cost-of-living

increases would be changed to a fiscal-year basis. Annual social security and SSI increases would be payable in October of each year. In addition, the Consumer Price Index for All Urban Consumers (CPI-U) would be used instead of the CPI-W. To keep the lag between the end of the measuring period and the payment of the cost-of-living adjustment the same as under current law, the measuring period would be from 2nd quarter to 2nd quarter instead of from 1st quarter to 1st quarter.

A conforming change would be made in the effective date of the annual increase in the SMI (supplemental medical insurance) premium.

Savings: Long-range: \$150 billion (0.17 percent taxable payroll).

Endorsed by: Reagan Administration, House Social Security Subcommittee (Pickle Bill).

#### 8. LIMIT RETROACTIVITY OF BENEFITS

Present law: Social security retirement benefits are paid for as much as 6 months and disability benefits are paid for as much as 12 months retroactively from the date the pension applies for the benefits. The retroactive payment is included as a lump sum in the first check the beneficiary receives.

Proposal: Limit retroactivity of benefits to 3 months for retired workers and their dependents and for survivors, and to 6 months for disabled workers and their dependents and for disabled surviving spouses. This provision would be effective with respect to applications filed after December 1981.

Savings: Long-range: \$8 billion (.01 percent of taxable payroll).

Endorsed by: General Accounting Office.

#### 9. ACCELERATION OF STATE AND LOCAL SOCIAL SECURITY TAX DEPOSITS

Present law: States may enter into voluntary agreements with the Federal Government in order to provide social security coverage for State and local employees. A State which enters into such an agreement bears the responsibility for collection of the social security taxes withheld from employees by the various local jurisdictions and their matching taxes. Payments of social security taxes are made first by the various local jurisdictions to the State. The State, in turn, is responsible for verifying the payments and depositing them with the Federal Government with the taxes which have been paid with respect to the State's own employees.

Prior to 1980, the law left the frequency with which States deposited social security taxes for State and local employees to be established by the Secretary of Health and Human Services under regulations which were to follow "so far as practicable" the requirements imposed under Treasury regulations on private employers. In practice, the regulations prior to 1980 allowed States to hold funds until 45 days after the end of each quarter—a much longer time than was generally permitted to private employers. In 1980, the law was amended to require the deposit of withheld social security taxes for State and local employees within 30 days after the end of the month in which the applicable wages were paid.

The frequency with which deposits of social security taxes and income taxes are made by private employers is determined under regulations issued by the Secretary of the Treasury and vary in accordance with the tax liability of the employer. The larger the amount of the liability, the more frequently it must be paid.

State and local governments are now governed by the same rules as private employers with regard to depositing withheld income taxes, but not with regard to depositing social security taxes.

Proposal: The same requirements would

apply to State and local governments with respect to depositing social security taxes as apply to private employers. This means that State and local governments, depending on size, would be required to make deposits as frequently as every week or as infrequently as every 3 months. This provision would be effective for deposits required to be made after December 1981.

Additional income. Long-range: Negligible. Endorsed by: House Social Security Subcommittee, General Accounting Office, Congressman Bill Gradison.

#### 10. PRORATE BENEFIT INCREASE IN FIRST YEAR OF ELIGIBILITY

Present Law: Benefit increases begin with the calendar year in which a worker becomes eligible for benefits. (The year in which he reaches age 62 in the case of retirement benefits.) If a worker does not file for benefits until a later year, his eventual benefit reflects all cost-of-living increases which occurred starting with the year he became eligible. This adjustment keeps him from being disadvantaged for having waited to a later time to file.

The benefit increase given for the first year of eligibility does not take into account the amount of time during that year the individual is eligible to receive benefits. He receives the full benefit increase provided during that year, regardless of whether he was eligible for 1 month or 12 months of the year.

Proposal: The benefit increase provided for the first year of eligibility would be pro-rated based on the number of months during the year that the worker was eligible. If he became eligible in December, he would get 1/12th of that year's increase. If he became eligible in January, he would receive the full increase, and so on. The provision would be effective for persons becoming eligible after 1981.

Savings: Long-range: \$180 billion (.22 percent of taxable payroll).

#### 11. A "SAFETY VALVE" TRIGGER TO LIMIT THE SOCIAL SECURITY COLA

Present Law: Social security cost-of-living adjustments are equal to the percentage increase in the Consumer Price Index (CPI), and are provided whenever the CPI rises by 3% or more.

Proposal: If economic conditions prove more adverse than now expected, the funds could reach such a low level that the ability to meet benefit payments would be called into question. To safeguard against such a possibility, a triggered mechanism could be used which is not projected to be needed but which would prevent unanticipated deterioration of the funds. This mechanism would become effective only if the funds are projected to fall below a specified trigger level.

Prior to 1991 (assuming the interfund borrowing and tax-related provisions are in effect during this period), the trigger mechanism would be based on the combined reserve level in the cash benefits funds. The trigger level would be set at 15 percent of annual outgo at the beginning of 1982 and would gradually rise by 1 percent per year to 1990. (After 1990, when the cash benefit funds are projected to begin accumulating surpluses, the trigger would be based on the balance in the cash benefits funds and would increase by 2 percent per year until it reaches an ultimate level of 75 percent.) In computing the cost-of-living increases to be effective at the start of each fiscal year, the Secretary would determine whether that increase would draw the funds down below the trigger level by the end of the year. If so, the cost-of-living increase would be scaled down just enough to assure that the trigger level floor would not be breached.

On an after-the-fact basis (at the time of the following year's increase), the Secre-

tary would first adjust benefits to compensate for any error that may have been made in the prior year determination. Before computing the next year's cost-of-living increase, that is, the Secretary would first increase or decrease benefit levels so as to raise (or lower) them to the level that would have been reached had the trigger mechanism been properly applied. This would not result in a reduction in actual benefits, but would simply adjust the base amount upon which the new benefit increase would be computed.

#### 12. PAYMENT OF FULL BENEFITS AT AGE 65; CHANGES IN ACTUARIAL REDUCTION

**Present Law:** A worker retiring at age 65 receives a full retirement benefit (100 percent of the primary insurance amount (PIA)). Workers can retire as early as age 62, but the retirement benefit is reduced by  $\frac{5}{6}$  of 1 percent for each month of entitlement prior to age 65 (a 20 percent reduction at age 62). Workers who reach age 62 in 1979 or later have their full benefit increased by  $\frac{1}{4}$  of 1 percent for each month that retirement is delayed after age 65 up to, in effect, age 70.

A disabled or retired worker's aged spouse receives one-half of the worker's PIA if the benefit is taken at age 65. Aged spouses can elect benefits as early as age 62, but the benefit is reduced by  $\frac{5}{6}$  of 1 percent for each month of entitlement before age 65 (a 25-percent reduction at age 62).

At age 65, widow(er)s can receive 100 percent of the deceased worker's benefit. An aged widow(er) can receive benefits at age 60, though benefits elected before age 65 are reduced by  $\frac{1}{4}$  of 1 percent of the PIA per month (71.5 percent at age 60). A disabled widow(er) age 50-60 can also receive reduced benefits (50 percent at age 50).

**Proposal:** Effective in the year 2000, full retirement benefits (100 percent of the PIA) would be payable to workers retiring at age 68. Early retirement benefits would be reduced by  $\frac{1}{2}$  of 1 percent for months of entitlement before age 68 (a 36-percent reduction at age 62). The delayed retirement credit would be revealed.

An aged spouse of a disabled or retired worker would receive one-half of the worker's PIA at age 68. Benefits could be elected at age 62 but all benefits elected before age 68 would be reduced by  $\frac{1}{2}$  of 1 percent per month. Aged and disabled widow(er)s who start getting benefits before age 68 would continue to receive reduced benefits calculated using present law reduction factors; however, the widow(er)'s benefit would not be reduced below 64-percent of the worker's PIA.

The changes would be phased in gradually beginning in 1990.

**Savings:** Long-range: \$1.050 trillion (1.27 percent of taxable payroll).

**Endorsed (in concept) by:** House Social Security Subcommittee, Senator LAWTON CHILES, Congressman BILL GRADISON, 1979 Advisory Council on Social Security, National Commission on Social Security.

#### 13. PRICE INDEX THE BENEFIT FORMULA

**Present law:** In computing benefits, a worker's earnings under social security are averaged and a benefit formula is applied to those average indexed monthly earnings (AIME) to arrive at the initial basic benefit amount called the primary insurance amount (PIA). The PIA is the amount a worker is eligible to receive at 65. Dependents' and survivors' benefits are based on the worker's PIA.

The formula for a worker who becomes eligible for benefits in 1981 is: 90% of the first \$211 of AIME, plus 32% of the AIME from \$211 through \$1,274, plus 15% of the AIME over \$1,274.

The two dollar figures in the formula, \$211 and \$1,274, are bend points—the points at which the weighting in the formula changes.

The bend points are raised (indexed) each year to reflect increases in average wages in the economy. Thus, a new formula is created each year for the new group of workers becoming eligible for benefits in that year.

This system was adopted by the 1977 Social Security Amendments. The annual adjustment of the bend points by the full amount of the increase in average wages leads to higher initial benefits over time and to replacement rates—the percentage of a worker's prior earnings that are replaced by his social security benefit—that remain at approximately the same level.

**Proposal:** Beginning in 1987, increase the dollar amounts to which each of the percentages apply (the bend points in the benefit formula) by the increase in the consumer price index. This would be a permanent change in the program that would still permit initial benefits to rise over time (in nominal and real terms); however, replacement rates would gradually decline.

**Savings:** Long-range: \$1.630 trillion (1.90 percent of taxable payroll).

**Endorsed by:** Expert Consultant Panel to Finance Committee (1976).

#### 14. CHANGE THE BENEFIT FORMULA USED IN DETERMINING INITIAL BENEFITS

**Present law:** In computing benefits, a worker's earnings under social security are averaged and a benefit formula is applied to those average indexed monthly earnings (AIME) to arrive at the initial basic benefit amount called the primary insurance amount (PIA). The PIA is the amount a worker is eligible to receive at 65. Dependents' and survivors' benefits are based on the worker's PIA.

The formula for a worker who becomes eligible for benefits in 1981 is: 90% of the first \$211 of AIME, plus 32% of the AIME from \$211 through \$1,274, plus 15% of the AIME over \$1,274.

The two dollar figures in the formula, \$211 and \$1,274, are bend points which are raised (indexed) each year to reflect increases in average wages in the economy. This weighting of the formula produces benefits that replace a relatively high proportion of pre-retirement earnings for workers with low average earnings.

**Proposal:** Effective in 1982, apply the following benefit formula for newly eligible workers: 45% of the first \$1,000 of AIME, plus 22.5% of the AIME over \$1,000.

After 1982, the bend point—\$1,000—would be adjusted by increases in average wages in the economy as under present law.

**Savings:** Long-range: \$980 billion (1.15 percent of taxable payroll).

#### 15. COST-OF-LIVING ADJUSTMENT CHANGES

**Present law:** The automatic cost-of-living increase in social security benefits and SSI (supplemental security income) payments is payable at the start of July. The amount of the increase is equal to the percentage by which the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the first quarter of the current calendar year has increased over the average of the CPI for the first quarter of the previous calendar year. No cost-of-living increase is paid unless the increase in the CPI is at least 3 percent.

**Proposal:** (1) Limit benefit increase to the lower of the increase in wages or prices.—Whenever the CPI rose faster than average wages in the economy, the benefit increase would be limited to the increase in wages. The change in average wages would be measured by using the Bureau of Labor Statistics' average hourly wage index. This would be a permanent change in the program, effective with the 1982 benefit increase.

**Savings:** Long-range: \$410 billion (.50 percent of taxable payroll).

**Endorsed by:** National Commission on Social Security.

(2) 80% cap on annual COLA.—Limit the

annual cost-of-living adjustment to 80% of the increase in Consumer Price Index. This change would be effective for 3 consecutive years, beginning with the 1982 benefit increase.

**Savings:** Long-range: \$80 billion (.09 percent of taxable payroll).

(3) 3-percent COLA reduction for 3 years.—Limit the annual cost-of-living adjustment to 3 percentage points less than the increase in the Consumer Price Index. This change would be effective for 3 consecutive years, beginning with the 1982 benefit increase.

**Savings:** Long-range: \$125 billion (.14 percent of taxable payroll).

**Endorsed by:** Senator Pete Domenici, Senator Ernest Hollings.

(4) Base COLA on the personal consumption expenditure (PCE) chain index.—The PCE chain index has roughly the same coverage as the CPI. The index uses current consumption patterns as weights instead of the 1972-73 patterns used by the CPI and it uses a rental equivalence measure for housing costs.

Beginning with the 1982 benefit increase, base the cost-of-living adjustment on increases in the PCE chain index rather than the CPI. This would be a permanent change in the program.

**Savings:** Long-range: \$250 billion (.30 percent of taxable payroll).

#### 16. REDUCE BENEFITS FOR EARLY RETIREMENT

**Present law:** Full retirement benefits are payable when the worker attains 65. Benefits are payable as early as age 62, but the amount is reduced to take account of the longer period over which the benefit is expected to be paid. Benefits for workers are reduced by 5/9 of 1 percent for each month benefits are received before age 65. (At age 62, the benefit is equal to 80 percent of the full benefit.) Benefits for spouses of retired or disabled workers are first available at age 62 and are reduced by 25/36 of 1 percent for each month the benefit is paid before 65 (so that at age 62, the benefit is reduced by 25 percent.)

**Proposal:** Effective for workers and spouses who reach age 62 in January 1990 and later, the reduction factor would be increased so that the age-62 benefit would ultimately equal 70 percent of the full benefit. This provision would be fully effective in 1999.

**Savings:** Long-range: \$270 billion (.31 percent of taxable payroll).

**Endorsed (in concept) by:** Reagan Administration, 1979 Advisory Council on Social Security; National Commission on Social Security; and House Social Security Subcommittee (Pickle Bill).

#### 17. REDUCE THE BENEFIT RATE FOR SPOUSES

**Present law:** At age 65, the spouse of a retired or disabled worker is eligible for a benefit equal to 50% of the worker's basic benefit—the primary insurance amount (PIA).

**Proposal:** Between 1990-1999, gradually reduce the benefit amount for spouses to 30% of the worker's PIA. The reduction in benefits payable would be phased in at 2% per year.

**Savings:** Long-range: \$130 billion (.15 percent of taxable payroll).

#### 18. INCREASE THE AGE OF ELIGIBILITY FOR WIDOW(ER)'S BENEFIT TO 62

**Present law:** Monthly benefits are payable to widow(er)s aged 60 and over, of deceased workers. Benefits drawn before 65 are permanently reduced by 19/40% of 1 percent for each month benefits are received before age 65.

**Proposal:** Between 1990 and 1997, gradually raise the age of initial eligibility for widow(er)s benefits to 62. Full monthly benefits would continue to be paid at 65. The in-



crease in the age of benefit eligibility would be phased in 3 months per year for 8 years. Savings: Long-range: Negligible.

**19. INCREASE DISABILITY INCURRED-STATUS REQUIREMENT TO 30-OUT-OF-40 QUARTERS**

**Present law:** To be insured for social security disability benefits, a worker generally must meet two requirements: (1) he must be "fully insured"—that is, he must have one quarter of coverage for each year after 1950 (or age 21, if later) and up to the year in which he becomes disabled, and (2) a disabled worker aged 31 and older must have 20 quarters of coverage (about 5 years of work covered under social security) during the 40-quarter period (10 years) ending with the quarter of disability. A disabled worker under age 31 must have one quarter of coverage for each quarter elapsing after the year he becomes age 21 and up to the quarter of disability (with a minimum of six quarters of coverage). A blind disabled worker must meet only the "fully insured" requirement.

**Proposal:** Change the 20-out-of-40 quarters requirement so that a person aged 31 and older would need 30 quarters of coverage (about 7½ years of covered work) in the 40-quarter period preceding disability in order to qualify for disability benefits. The disabled worker under age 31 would need 3 quarters of coverage for each 4 quarters elapsing after the year he became age 21 and up to the quarter of disability (a minimum of 6 quarters of coverage would still be required). Effective for disability benefits payable after December 1981 but only if a worker becomes disabled after June 1981.

Savings: Long-range: \$160 billion (.19 percent of taxable payroll).

Endorsed by: Reagan Administration, House Social Security Subcommittee.

**20. MAKE DISABILITY BENEFITS PAYABLE UNTIL 62**

**Present law:** Under present law, a worker who becomes disabled before 65 is eligible to receive full monthly benefits—100% of his primary insurance amount (PIA)—until age 65 is attained. At 65, he is eligible to receive retirement benefits at the same monthly rate. By contrast, the worker who retires before 65 is subject to a permanent reduction in monthly benefits of 5/9% for each month benefits are received before age 65. The age 62 retirement worker, therefore, is eligible for 80% of his PIA.

**Proposal:** Effective for workers first becoming eligible to receive disability benefits after 1981, make disability benefits payable until age 62, rather than 65. Under this proposal the disabled worker would convert to reduced retirement benefits at age 62.

Savings: Long-range: \$210 billion (.25 percent of taxable payroll).

**21. MAINTAIN THE RETIREMENT TEST EXEMPT AGE AT 72**

**Present law:** Social security beneficiaries under age 72 (age 70 in 1983 and after) are subject to a retirement-earnings test. If a beneficiary's earnings exceed the annual exempt amount, social security benefits are reduced \$1 for each \$2 in earnings above that amount. The exempt amount for those age 65 and up to the exempt age is \$5,500 in 1981, and \$6,000 in 1982, with future increases tied to increases in average wages. (The exempt amount is lower for those under age 65.)

**Proposal:** Permanently maintain the exempt age at 72.

Savings: Long-range: \$15 billion (0.02 percent of taxable payroll).

**22. ELIMINATE THE CEILING ON TAXABLE EARNINGS**

**Present law:** In 1981, the social security tax applies to the first \$29,700 of an individual's earnings. In future years, the amount of earnings subject to the tax will rise depending on the increase in average wages that occurs from one year to the next. Under the Trustees' intermediate assumptions, the tax base is projected to rise to \$42,600 in 1985 and \$60,000 in 1990. Approximately 94 percent of all workers covered by social security have their full earnings taxed.

**Proposal:** Beginning in 1982, eliminate the ceiling on taxable earnings so that all earnings in covered employment are subject to the social security payroll tax.

Net income: Long-range: \$800 billion (0.9 percent of taxable payroll).

**23. EXTEND MANDATORY COVERAGE TO NEWLY HIRED GOVERNMENT EMPLOYEES**

**Present law:** Social security coverage has been extended to the vast majority of people who work for a living in the United States. Approximately 90% of all workers contribute to social security; 8 million jobs are exempt from participation. The major exceptions now are permanent civilian employees of the federal government, employees of state and local governments which have not elected coverage for their employees, and employees of nonprofit organizations which have not waived their tax-exempt status in order to provide social security coverage for their employees.

**Proposal:** (1) Effective January 1, 1982, extend social security coverage on a mandatory basis to all newly hired federal, state, and local government employees.

Net income: Long-range: \$425 billion (.50 percent of taxable payroll).

(2) Effective January 1, 1982, extend social security coverage on a mandatory basis to all newly hired federal government employees.

Net income: Long-range: \$260 billion (.31 percent of taxable payroll).

Endorsed by: 1979 Advisory Council on Social Security National Commission on Social Security, Representative Barber Conable.

**TAX RATES FOR THE SOCIAL SECURITY TRUST FUNDS**

(In percent)

Calendar year	OASI	DI	OASDI	HI Total (OASDHI)	Calendar year	OASI	DI	OASDI	HI Total (OASDHI)	
<b>Employers and employees, each:</b>					<b>Self-employed persons:</b>					
1982-84	4.575	0.825	5.40	1.30	6.70	6.8125	1.2375	8.05	1.30	9.35
1985	4.750	.950	5.70	1.35	7.05	7.1250	1.4250	8.55	1.35	9.90
1986-89	4.750	.950	5.70	1.45	7.15	7.1250	1.4250	8.55	1.45	10.00
1990 and later	5.100	1.100	6.20	1.45	7.65	7.6500	1.6500	9.30	1.45	10.75

**Proposal:** Reallocate one-half of the HI tax to OASI and DI. The HI trust fund would be replenished through general revenue appropriations.

**Additional Income: (OASDI),** Long-range: \$1.220 trillion (1.38 percent of taxable payroll).

Endorsed by: 1979 Advisory Council on Social Security, National Commission on Social

Security, House Social Security Subcommittee (Pickle bill) Rep. Barber Conable.

**28. REPEAL THE RETIREMENT TEST (ALSO KNOWN AS THE EARNINGS LIMITATION)**

**Present Law:** Social Security benefits for persons aged 65 or over are reduced by \$50 for every dollar of earned income above \$5,500 that is earned by those under the age of 72.

**24. TAX SOCIAL SECURITY BENEFITS IN SAME MANNER AS OTHER GOVERNMENT OR PRIVATE PENSION INCOME**

**Present law:** Social security benefits are not subject to federal, state or local taxes.

**Proposal:** Effective January 1, 1986, include social security benefits in taxable income, for federal income tax purposes, in the same manner as private or governmental pension income.

Pension benefits from contributory private pension plans (including those for government employees) are now taxed to the extent that the benefits exceed the employee's accumulated contributions to the plan. Cumulative retirement benefits up to the employee's own total contributions are not taxed because the income from which the contributions were paid was taxable. That part of the benefit representing the employer's contribution and interest income on both the employee's and the employer's contributions is taxed when received.

Net Income: Not available.  
Endorsed by: 1979 Advisory Council on Social Security.

**25. TAX ONE-HALF OF SOCIAL SECURITY BENEFITS**

**Present law:** Social security benefits are not subject to federal, state or local taxes.

**Proposal:** Effective January 1, 1986, include one-half of social security benefits in taxable income for federal income taxes. The income from this provision would be diverted into the trust funds.

Income: Not available.  
Endorsed by: 1979 Advisory Council on Social Security.

**26. INCREASE THE PAYROLL TAX TO ELIMINATE OASDI DEFICIT**

**Present law:** The schedule of social security tax rates in present law is:

*Tax Rates for the Social Security Trust Funds*  
(Employers and Employees, Each)  
(In percent)

Year	Total (OASDHI)
1982-84	6.70
1985	7.05
1986-89	7.15
1990 and later	7.65

**Proposal:** To eliminate the long-term deficit in the cash benefit programs, increase the tax rate so the combined OASDHI rate beginning in 2010 is 9 percent employee and employer each.

**Additional Income:** Long-range: \$1.460 trillion (1.65 percent of taxable payroll).

Endorsed by: 1979 Advisory Council on Social Security National Commission on Social Security.

**27. APPLY ONE-HALF OF HI TAX TO OASDI AND PARTIALLY FINANCE HI FROM GENERAL REVENUES**

**Present law:** The schedule of social security tax rates in present law is:

**Proposal:** Repeal the earnings limitation for persons aged 65 or older by gradually raising the exempt amount above that projected under current law.

Savings: This proposal costs money, rather than saves money. Outright repeal of the earnings limitation for persons aged 65 or over would increase social security payments by an average of \$2.3 billion annually for

the next five years, and increasingly larger annual amounts thereafter. To keep this proposal revenue "neutral" one option is to combine repeal of the retirement test with reducing benefits for early retirement (see page —).

Short-range: (on basis of Administration proposal)—\$7 billion in 1982-86.

Long-range: \$130 billion additional cost\* 0.14 percent of taxable payroll.

#### 29. PHASE IN ACTUARIALLY-BASED DELAYED-RETIREMENT CREDIT

Present Law: Monthly retirement and widow's benefits are increased (beginning for persons who attain age 65 in 1982) for every year the worker delays retirement beyond age 65.

Proposal: Provide a delayed retirement incentive that equals the savings that accrue from delayed retirement (about 8 percent to 10 percent a year, on an actuarial basis, including corresponding increases for spouse's benefits). As an alternative, combine this actuarially based delayed retirement credit with repeal of the earnings limitation.

Savings: If the actuarially-based retirement credit is coupled with the repeal of the earnings limitation, the only cost should be the cost of repealing the earnings limitation (about \$150 billion over 75 years, not counting possible reflows through increased income taxes).

A. If earnings test after age 65 is repealed, and delayed-retirement credit is given only if benefits are not claimed:

Short-range: No significant cost effect in 1982-86.

Long-range: No change in cost (except as to cost of repealing earnings test).

B. If both the earnings test is repealed and the actuarially-based delayed-retirement credit is given:

Short-range: \$1 billion increased cost in 1982-86.

Long-range: Increase in cost of \$130 billion\* (in addition to cost of repealing earnings test); 0.14 percent of taxable payroll.

C. If earnings test at age 65 and over is not repealed, but increased delayed-retirement credit is given:

Short-range: \$1 billion increased cost in 1982-86.

Long-range: \$130 billion of increased cost;\* 0.14 percent of taxable payroll.

#### 30. INDEX EARNINGS RECORDS OF OLDER WORKERS CLOSER TO ACTUAL RETIREMENT

Present Law: In determining benefits, a benefit formula is applied to the worker's average earnings in covered employment. Each year of earnings is indexed prior to the second year before the worker attains age 62, becomes disabled, or dies, or adjusted to reflect increases in average wages in the economy.

Proposal: Index earnings records of older workers up to second year before the year of actual retirement.

Savings or Cost:

Short range: \$ billion additional cost in 1982-86.\*

Long-range: \$190 billion in additional cost (20% of taxable payroll).

#### 31. PHASE OUT DERIVATIVE BENEFITS TO DEPENDENTS OF RETIRED AND DISABLED WORKERS

Present Law: Provides an array of benefits which are provided in addition to worker retirement benefits. These benefits include spouse, children and other dependent benefits. It is estimated that of the \$145 billion per year in benefits paid out from the Old-Age and Survivors Insurance and Disability

\*Present value of future cost increases during the 75-year valuation period, measured in 1981 dollars.

Insurance Trust Funds at the current rate of disbursements, some \$15 billion is for so-called derivative benefits.

Proposal: Gradually phase out derivative benefits over a long time period, and thus restore social security to its original concept of a worker retirement program. This proposal would be coupled with increasing social security benefits paid to workers (see previous item). The phase out of the derivative benefits would begin 5 years from now with derivative benefits reduced by 2 percentage points over the next 25 years.

Savings or Cost:

Short-range: No cost effect in 1982-86.

Long-range: \$600 billion in savings\* (0.65% of taxable payroll).

#### 32. PHASE OUT WEIGHTED BENEFIT FORMULA, AND PHASE IN A PROPORTIONAL OR FLAT BENEFIT FORMULA

Present Law: (See item 3 for description.)

Proposal: Replace the weighted benefit formula with a phased in proportional or flat benefit formula so that benefits would be more closely related to prior earnings and contributions. The flat benefit formula could be set at 50% of the worker's average adjusted (indexed monthly earnings). In other words, social security would replace at least half of a worker's average pre-retirement earnings; under the current system replacement rates range from 25% to 128%. This proposal would be phased in over 15 years, beginning in 1987. The person becoming eligible in 1987 would receive 10% of the benefit amount determined under the new formula and 90% of the amount determined by the present formula. Those becoming eligible in the second year would receive 20% of the new formula and 80% of the present formula, and so forth for the next 8 years.

Since many lower wage earners would sustain benefit losses under this provision, the SSI payment standard should be gradually raised to at least 125% of the poverty threshold.

Savings or Cost:

Short-range: No cost effect in 1982-86.

Long-range: \$1,400 billion in additional cost\* (1.50% of taxable payroll).

NOTE: The above figures do not include the added cost for the higher SSI benefit level.

#### 33. PHASE OUT DERIVATIVE BENEFITS

Present Law: Provides an array of benefits which are provided in addition to worker retirement benefits. These benefits include spouse, children and other dependent benefits. It is estimated of the \$127 billion in benefits paid out from the Old Age Survivors Insurance Trust Fund, some billion pays for so-called derivative benefits.

Proposal: Gradually phase out derivative benefits over a longer time period, and thus restore Social Security to its original concept of a worker retirement program. This proposal would be coupled with increasing Social Security benefits paid to workers (see previous item). The phase out of the derivative benefits would begin five years from now with derivative benefits reduced by two percentage points over the next 25 years.

Endorsed by: American Association of Retired Persons.

#### 34. REVISE ADMINISTRATION OF AND INVESTMENT STRATEGY FOR SOCIAL SECURITY TRUST FUNDS

Present Law: Three cabinet secretaries—from the Department of Health and Human Services, Treasury and Labor—are the trustees for the Social Security System and are charged by law to report annually on the stability of the Social Security System, and to prudently invest funds for best rate of return.

Proposal: Add four new trustees to the trust fund board . . . a representative from the employers who contribute to the funds, a representative of the beneficiaries, an investment counselor, a representative of employees who contribute to the fund.

The proposal would charge the trustees with the responsibility to secure the maximum possible interest yield on the funds commensurate with the safety of the trust fund.

Third, if the funds continue to invest in Treasury "special issues," that the interest rate be set at the weighted average of the interest rate of all the government or government-backed securities the funds can legally invest in.

Savings: Not available.

Endorsed by: Senator William Proxmire, and 20 Senate cosponsors.

#### 35. INCREASE TOBACCO FEDERAL EXCISE TAXES, AND EARMARK REVENUES TO SOCIAL SECURITY TRUST FUNDS

Present Law: Social Security benefits are financed almost exclusively through employer and employee paid Social Security taxes.

Proposal: Increase tobacco federal excise taxes, and earmark revenues to Social Security Trust Funds. The excise tax increase would be about 10 cents a pack. One other option is to increase federal excise taxes on liquor, and to earmark those revenues to the Social Security Trust Fund.

Savings: \$3 billion annually; \$225 billion over 75 years.

Endorsed by: Senator Jack Danforth.

#### 36. ELIMINATE STUDENT BENEFITS

Present Law: Social Security benefits are presently paid to full-time students aged 18 to 21 who are children of retired, disabled or deceased workers.

Proposal: These benefits would be phased out over a three to four year period. Any student now eligible and receiving benefits would be allowed to continue until age 22 if enrolled full-time. No new students would be eligible.

Savings: 5 years: \$6 billion; 75 years: not available.

Endorsed by: Senator Lawton Chiles.

Mr. ARMSTRONG. Mr. President, I am now ready to yield the floor.

Mr. PROXMIRE. Mr. President, first, I congratulate the distinguished Senator from Colorado on his, as usual, very thoughtful and appropriate speech.

Senator ARMSTRONG is obviously one of the most intelligent Members of the U.S. Senate and is a very responsible Member. I am most encouraged to hear his remarks, as I am sure other Senators are.

I know that the Senator from Kansas is anxious to pass this bill. I have an amendment which in its bill form, S. 1528, to reform the investment policy of the social security trust funds, is sponsored by 20 Senators of both political parties. I should like to bring it up now or at an appropriate time later.

This amendment would save, in my judgment, \$2 billion a year for the social security trust fund and move toward the sound social security system for which the Senator from Colorado so eloquently called.

I have written the Senator from Kansas and the Senator from Colorado (Mr. ARMSTRONG), asking for a hearing on S. 1528.

I should like to accommodate the Senator from Kansas, because I believe that

if we have a hearing and the issues are fully aired, a consensus may very well develop in its support and it could pass overwhelmingly.

Would the Senator from Kansas be willing to commit himself and his committee to hold a hearing on S. 1528, so that those of my colleagues as well as others who wish to testify could do so?

Mr. DOLE. I assure the Senator from Wisconsin, who has a direct interest in this matter and has discussed it with me and with other members of our committee, that there will be a full and complete hearing, with whatever witnesses the Senator from Wisconsin might like to have.

I also have discussed it with the able manager on the Democratic side, Senator MOYNIHAN, and the answer is an unqualified "yes."

Mr. PROXMIRE. I want to be sure that if we withhold offering the amendment on this bill, the procedural argument will not be made against us, when we offer it later, that this bill was the proper vehicle. Will the Senator agree that we will not be told at a later date that the social security bill before us today was the bill and the only time and place it should have been done?

Mr. DOLE. That is a very good question. I certainly would not raise that argument. There will be other vehicles. I understand that there are a number of tariff bills reported by the House which will come through our committee.

Some of us still have not given up hope of solving the long-term problem of social security. So there will be other opportunities, and I assure the Senator from Wisconsin that I will not stand on this floor and suggest to my colleagues that he missed his chance in October.

Mr. PROXMIRE. I thank the Senator from Kansas.

Mr. MOYNIHAN. Mr. President, I certainly wish to associate myself completely with the commitment of the distinguished chairman of the full committee—I know he will be joined in this by the subcommittee chairman—that we will hold hearings.

I make the point that the Senator from Wisconsin has done a service in raising this question, which is a complex one. There is a history here, just as there is a history of this system.

In 1935—I make this point to the distinguished Senator from Colorado—the interest rate on social security funds in the Treasury was set at 3 percent. This was a rate considerably higher than the rate at which the Federal Government borrowed money.

And as a result it was a deliberate subsidy to the social security fund from general revenues, as would be the necessary case. The Federal Government paid social security more than they had to pay other borrowers and thereby were the subsidies.

In 1939 investments were to pay the current rate of interest for outstanding debt 5 years and over, at which point the payment levels declined over time to a low of 2.6 percent in 1951. It is hard to remember those days.

In 1960 the present arrangement was set whereby the Treasury sells a special

bond, that is available only to the civil service retirement and railroad retirement, which can be redeemed at any time at its full premium value so it never declines. There is no risk of the bond losing value. The interest rate is set at the average rate paid on Government debt not due or callable for 4 years. The bond yield curve, as it is called, provides the expectation that long-term yields for these bonds will be higher than near-term yields.

We have recently been in a quite ahistorical period when this has not been so and it may be the Senator will wish to respond to it, but it should be.

I do want this agreement not to pass without offering the Senator from Wisconsin my understanding that over time the arrangements made and particularly those that are in place since 1960 have been designed to, one, protect funds, and two, to produce the highest possible rate of return.

Mr. PROXMIRE. Mr. President, may I say to my good friend, in the first place, I am always in awe of the Senator from New York. It is amazing the detailed knowledge he has of matters of this kind. But I might point out to him that year after year after year for 20 consecutive years every year, every year, the yield for the social security trust fund has been below the long-term rate, with no exceptions, no exceptions. It is almost miraculous that they could have such an incredibly consistent record of getting a lower yield.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the comparison of yields on social security trust funds and long-term, 10-year, Treasury securities for the two decades 1961–80.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Comparison of yields on social security trust funds and long term (10 years) Treasury securities for the two decades 1961–80*

Year	Yields on social security trust funds <sup>1</sup>	Yields on 10-year Treasury securities <sup>2</sup>
1980	8.3	11.48
1979	7.5	9.44
1978	7.3	8.41
1977	7.0	7.42
1976	6.9	7.61
1975	6.7	7.99
1974	6.1	7.56
1973	5.6	6.84
1972	5.3	6.21
1971	5.3	6.18
1970	4.8	7.35
1969	4.2	6.87
1968	3.9	5.65
1967	3.6	5.07
1966	3.3	4.92
1965	3.2	4.28
1964	3.0	4.19
1963	2.9	4.00
1962	2.8	3.95
1961	2.7	3.88

<sup>1</sup> Twelve Months Ending June 30. Equals the combined rate on OASI (Old Age and Survivors Insurance), DI (Disability Insurance) and HI (Hospital Insurance) Trust Funds from 1972 to 1980. From 1961 to 1971 it

is the combined rate on the OASI and DI Trust Funds. In every year the combined rate is equal to or higher than the return on the OASI Trust Fund. Source, Social Security Administration.

<sup>2</sup> Source: Economic Report of the President, January 1981, table B-65, pp. 308-309.

Mr. PROXMIRE. If the Senator from New York or I had an investment manager handling our money that way we would get rid of him and maybe we would even sue him. But when they are this far below the average yield as they were last year, and I am not attacking this administration—the past administrations have been responsible for this, of course—when they are this far below it seems to me we should take a very hard look at the management of the fund, and when we have a situation where the average return is around 13½ percent and the social security trust fund yields 8.3 percent that is a loss of \$2 billion and, of course, that loss is being used as part of the alibi for the shortfall and part of the reason why the argument has been made that benefits have to be reduced. It seems to me that we should correct that and see that the fund is managed to maximize the return since there is no question of the safety, no question of safety whatsoever, since the money has to be invested in Federal securities.

Mr. MOYNIHAN. May I say to my friend from Wisconsin, who is formidable in debate as in all other matters, that these are questions of fact for which the Treasury can and will give us answers. It is my understanding and only that, and I do not assert it, I simply say that it is my understanding that for the past 5 years the rates of return on social security bonds, the premium bonds, have been lower than the long-term rate at which Treasury sells, but this would have not been so previously. It would surprise me if this persisted over 20 years because it is designed to make it possible.

Mr. PROXMIRE. My information is that the long-term rate exceeded the return on the social security trust funds in those years.

Mr. MOYNIHAN. We will find out.

Mr. PROXMIRE. Very good.

Mr. MOYNIHAN. We will find out. We will get numbers and facts, and we will proceed from there, and we would not be doing so were it not for the initiative of the Senator from Wisconsin. I thank him very sincerely for this.

Mr. PROXMIRE. I thank my good friend from New York.

Mr. President, I yield the floor.

Mr. PRESSLER. Mr. President, I wish to send an amendment to the desk.

Mr. MOYNIHAN. Mr. President, will the Senator defer one moment while I speak to the chairman of the Committee on Finance?

Mr. PRESSLER. Yes.

The PRESIDING OFFICER. The clerk will withhold.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask



unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mrs. KASSEBAUM). Without objection, it is so ordered.

Mr. DOMENICI. Madam President, I shall vote for the Finance Committee's amendment that restores the social security minimum benefit, permits interfund borrowing among its trust funds, and makes other changes. The President has given his support to this bill and it obviously has broad congressional support. My support has a few qualifications.

I am truly disappointed that we cannot agree on a wider range of proposals necessary to the soundness of social security. After all that this Congress has accomplished, we failed on perhaps the most important issue facing us. The bill today is merely a bandaid on a very serious wound.

I am also disappointed in this amendment from a budget standpoint. This bill will cost over \$300 million in fiscal year 1982, undoing a portion of reconciliation. We are also conceding that the \$4.2 billion in additional social security savings assumed in the first concurrent budget resolution cannot be achieved. I want every Senator to understand that his or her vote could increase the projected fiscal year 1982 deficit by almost \$5 billion.

Let us face a few realities: This amendment does not solve the underlying financial problems of the social security system. The President knows this; the Congressional Budget Office has stated this; the House and Senate know it; and the public had better understand it. We will have to act again, and soon, to save the social security system and reassure millions of elderly and disabled recipients that their benefits will continue.

How soon? The estimates vary. Depending upon the estimate, social security could be in deficit in 1984 even with the legislation now before us. It all depends upon the economic recovery of the country. If economic conditions are even slightly worse than projected, we could be facing urgent social security financing problems even sooner.

One of the few reasons I can support this amendment is that it shows some bipartisan effort on social security can still exist. This cooperation must expand if we are to find solutions to this problem. I have confidence that Chairman DOLE and the Finance Committee can muster cooperation on this issue. I truly hope that everyone in this Chamber will join in support of the committee's efforts to address the social security financing dilemma. No partisan benefit will accrue to anyone if we allow social security to go bankrupt.

The administration has clearly indicated its willingness to discuss and consider all possible solutions to social security. I think that is a wise judgment. Social security must be separated from partisanship and discussed in an open and honest manner. I endorse the President's recently announced decision to set up a Commission on Social Security, which should prove to be a productive forum.

The Commission will report to Congress its recommendations within the next year or so. But it will be Congress responsibility to act. Frankly, what we are doing today is a short-term quick fix which contributes very little to solving longer run problems. The next time we work on social security Congress will need to be far more courageous than it is being today.

Mr. DOLE. Madam President, it is my understanding that there is no objection if we go ahead and act on the committee substitute and to make unanimous-consent requests that it be considered as original text for the purpose of amendment.

Is that the understanding of the distinguished manager on the Democratic side?

Mr. MOYNIHAN. The Senator is correct.

Mr. DOLE. Madam President, I move the adoption of the committee substitute.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Kansas.

The amendment (UP No. 478) was agreed to.

Mr. DOLE. Madam President, I ask unanimous consent that the committee amendment be considered as original text for the purpose of amendment.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

UP AMENDMENT NO. 479

(Subsequently numbered amendment No. 585.)

Mr. PRESSLER. Madam President, I have an amendment at the desk and I ask for its immediate consideration.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. PRESSLER) proposes unprinted amendment numbered 479:

At the end of the bill add the following:

SEC. 6. It is the sense of Congress that any future legislative changes in the Social Security Act, will not reduce the current dollar amount of monthly Old-Age, Survivor, and Disability Insurance benefits to which individuals are entitled for that month of enactment.

Mr. PRESSLER. Madam President, I offer this amendment to the social security amendments which will secure existing benefits for those people currently receiving social security. This resolution assures the American people that any future revisions in the social security system will not mean a reduction in benefits for those currently receiving social security payments.

Millions of Americans have come to depend upon a monthly benefit payment under the social security system. As a result, the predicted bankruptcy of this program has generated what I would define as an unprecedented reaction from our Nation, especially the most vulnerable segment of our population—the elderly.

As a member of the Senate Aging Committee, I have had the opportunity to review the long- and short-term problems of this program. First, however, it is important that we recognize the merits

of what is our Nation's largest domestic program. Social security provides a means for Government to responsibly take care of the elderly and handicapped in a dignified way. As workers contribute to the system over a number of years, they are preparing to provide for their retirement. They have a promise that their contribution to the system will be honored at retirement. Madam President, we must not break that commitment.

To avoid arousing the fears and frustrations of the American people again, I believe we must assure them that we will not renege on our promise. Retirees should be able to rest assured that we will not reduce the benefits for which they have worked and planned.

At the same time, it is imperative that we acknowledge the very real financial problems of the social security system. Without some changes, it is highly possible that the old-age and survivors insurance (OASI) trust fund could be bankrupt by the end of 1982. Fortunately, the other two social security trust funds, disability insurance (DI) and hospital insurance (HI) are in better financial shape. Interfund borrowing will allow an interchange of assets to avoid any failure in meeting benefit obligations.

While this interfund borrowing, reallocation of taxes and additional changes proposed by the Senate Finance Committee will assure that payments can continue through 1982, I support President Reagan's request to appoint a task force which will review all the options for maintaining the long-term solvency of the system. I believe we must make changes which will not in any way reduce or alter the benefits of those already receiving social security. While changes may be made over a period of time, any abrupt change or transition would be unfair.

I am pleased to see that Congress is restoring the \$122 minimum social security benefit. I have consistently supported the retention of this benefit, for again I believe that our Government must not renege on its promise. South Dakota is primarily an agricultural State and most of our farmers were not covered by the social security system until the 1950's. These people have not had very many years in which to build benefits and thus receive the minimum benefit.

In addition, 75 percent of the minimum benefit recipients are women. Madam President, an estimated 72 percent of the elderly poor in this country are unmarried women. The lack of earned income or pensions leaves the older women with no sources of retirement income other than those minimal social security payments.

Madam President, over 15 percent of South Dakota's population are elderly. Since coming to Congress, I have held numerous senior citizen seminars and hearings in my State. I am continually reminded that the elderly depend on these monthly benefits. Inflation and the constantly increasing cost of living hit the elderly the hardest and their cost-

of-living adjustment and this monthly check are their only protection.

I am pleased to see that Congress is acting rationally on this matter. I urge the Senate to adopt my resolution which will mean added assurance to our elderly population that their benefits will not be reduced. In doing so, I am confident that we may maintain the fiscal integrity of the social security system and redirect the program to its original purpose—a stable base upon which working men and women can plan for retirement.

Madam President, I would like to request a rollcall vote on the amendment tomorrow. I understand there are no votes today.

Mr. DOLE. Madam President, if the Senator will yield, the Senator from Kansas has no objection to ordering the yeas and nays, but I think we can protect the other side and accommodate those absentee Senators as well as the Senators from South Dakota. Perhaps while I am preparing to respond to the amendment, we can suggest the absence of a quorum or temporarily lay the Pressler amendment aside and take up the amendment of the distinguished Senator from Rhode Island. It will just take a minute or two here.

Let me suggest the absence of a quorum and check it out with the leadership as to the rollcall vote, is that agreeable?

Mr. PRESSLER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Madam President, I ask unanimous consent that the pending amendment of the distinguished Senator from South Dakota, Senator PRESSLER, be temporarily laid aside so that we might consider an amendment of the distinguished Senator from Rhode Island.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. I thank my friend and colleague from Kansas very much.

UP AMENDMENT NO. 480

(Purpose: To require a General Accounting Office study of the management efficiency, employee productivity, and technical capacities of the Social Security Administration.)

Mr. PELL. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Rhode Island (Mr. PELL) proposes an unprinted amendment numbered 480.

Mr. PELL. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

STUDY OF SOCIAL SECURITY ADMINISTRATION  
EFFICIENCY

SEC. . The comptroller General of the United States shall undertake a study of the Social Security Administration for the purpose of determining the management efficiency, employee productivity, and technical capacities (including computer hardware and programming) of such Administration, and the extent of current information of the characteristic of recipients. The Comptroller General shall report the results of such study not later than 180 days after the date of the enactment of this Act, including any recommendations for improvements in any of the operations studied.

Mr. PELL. Madam President, in accordance with the wishes of the senior Senator from New York (Mr. MOYNIHAN) the amendment has been modified to add of the end of line 7 the words: "and the extent of current information of the characteristics of recipients."

Madam President, during the past 2 weeks there have been many disturbing reports about administrative and mechanical problems that exist in the social security system. I am sure that many of my colleagues were dismayed, as I was, to read the Wall Street Journal's recent summary of this situation. The article, which appeared on the front page of last Monday's edition, cites instances of checks being issued to individuals who have been dead up to 2 years; a case of a beneficiary receiving a \$9,000 payment; stories about the growing problem of employee vandalism and comments about the present inadequacy of the agency's computer system.

Just yesterday, the Washington Post published a feature story zeroing in on inefficiency of the computer system at the Social Security Administration. The Post quoted a Government computer analyst who described the present system as a patchwork of old fashioned machinery which has been updated by adding a modern glass wing to an old fashioned log cabin.

I ask unanimous consent, Madam President, that the text of both of these articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Oct. 5, 1981]

BOTCHED BENEFITS: AILING COMPUTERS GIVE  
SOCIAL SECURITY SYSTEM ANOTHER BIG  
PROBLEM

"Breakdown" is compounded by fraud, human error, sabotage, and confusion. Please return huge checks.)

(By John J. Fialka)

WASHINGTON.—Three months ago Edna M. Branch, 65, a retired bookkeeper, received a letter from the Social Security Administration. It said her monthly benefit was being raised from \$181.80 a month to \$9,281.60 a month.

"Honey, this has got to be an error," J. Woodrow Branch recalls telling his wife that day. "Maybe they're going to cut it to around \$90. You know Reagan's been talking about doing that."

Three days later the check arrived. It was for \$9,281.60.

Soon afterward Mrs. Branch and her husband drove from their home near Carthage, N.C., to the nearest Social Security office, 40 miles away. Mr. Branch still remembers the expression on the face of the woman who

greeted them there. It was frozen for a moment as she studied the check; then there was this crisp, forced little smile.

"There has been a mistake," the woman said.

No one knows how many times this little drama was repeated last July, when checks including cost-of-living increases were sent to 30 million retired workers.

Maybe the Social Security computer system knows, but it isn't telling. That system, which computed the new amounts and triggered the checks, is having the electronic equivalent of a nervous breakdown at its home in Woodlawn, Md. The problem is being compounded by fraud, sabotage, human error and confusion.

"SEVERE CRISIS"

Mrs. Branch's outside check, resulting from a glitch in a computer program called Madcap (Manually Adjusted Credits and Awards Program), is just one of the increasingly bizarre symptoms of that problem—which, depending on what Social Security official you talk to, is a "crisis," a "severe crisis" or a "living manifestation of Murphy's Law" (if anything can go wrong, it will).

It is no small problem, nor will it be easy to deal with as the Reagan administration and Congress struggle to save the Social Security system. The 1,200 computer programs that run the system have been amended and amended to the point where no one really understands them anymore. That, coupled with a chronic lack of trained computer technicians at the Social Security agency, is making even simple changes dictated by Congress difficult to put into effect.

Social Security's computer system is a big part of the federal government's money machine. It gives presses at the Treasury Department the orders to print checks that amount to 23 percent of all federal spending. In the coming year the system will trigger about \$170 billion worth of benefits for 50 million people—recipients of benefits from Social Security's huge retirement and disability insurance programs and clients of Medicare and the Supplemental Security Income program for the blind, disabled and aged.

ACCURACY GROWS CHANCY

Largely because of the haphazard, hurried way those programs were computerized and because of increasingly severe personnel problems in the five-acre computer complex at Woodlawn, the matter of whether those checks are sent out on time, to the right people, in the right amounts, is becoming increasingly chancy.

Here are some of the specific problems Social Security is facing:

Congress's General Accounting Office is investigating reports of 45 acts of "apparent vandalism" by employees at the computer complex. The reports, compiled by Social Security managers since February 1977, tell of memory discs being intentionally scratched, of tapes containing beneficiary information being thrown in the trash and of various damage to computer machinery, including one large computer disc-drive unit that someone urinated on.

The inspector general of the Department of Health and Human Services is investigating more than 8,000 cases where Social Security benefits are being sent to people who have been dead for at least two years. The investigation, called Project Specter, is being carried out by matching Social Security tapes against Medicare tapes.

A "suspense file" containing wage information that the computers were unable to match with people's benefit records has now grown to 167 million wage records totaling \$69 billion. The records, many of which are complicated by misspelled names and erroneous Social Security numbers, date back to

1937. Although Social Security officials note that this gap is a tiny fraction of the \$9.7 trillion in wages recorded by the system over the years, GAO investigators and congressional leaders do not view the problem as small.

#### RACE WON BY 16 HOURS

The declining state of the Social Security computer system—a network of 16 big computers fed by more than 500,000 tapes was highlighted last July when the agency came within 18 hours of missing the deadline for issuing Social Security checks with new cost-of-living increases.

"We had people on call 24 hours a day and they were in here 16 to 18 hours a day," says John Wicklein, head of computer operations at the agency. What was needed was fairly simple: The space for numbers on the checks had to be increased from five digits to six digits to accommodate checks that could now go, in rare cases, into the thousands of dollars.

But that meant that 600 computer programs had to be changed. And that was, in many cases, extremely difficult. Many of the programs had been developed hurriedly and then repeatedly changed without any written notation of their formulas. There were fixes upon fixes upon fixes, agglomerating like so many electronic barnacles.

The effort to go to the sixth digit had begun in February and ultimately absorbed 20,000 man-hours of programmers' work plus 2,500 hours of computer processing time. It nearly collapsed in late June during an unusual, three-week spate of thunderstorms around Woodlawn, a suburb of Baltimore. "When lightning knocks out the power, the data in the machine is lost and you have to restart the entire program," Mr. Wicklein explains.

The Social Security agency, which had never come that close to missing a deadline, was prepared to meet this one by simply re-running the June payment tapes, thereby shortchanging some 30.7 million beneficiaries. But that drastic step was avoided. The checks, increases included, went out on time although the amounts sent to Mrs. Branch and at least one other beneficiary were rather odd.

Needless to say, nobody is happy with the current situation of the computer system. "You can't change it, you can't maintain it and you can't hire people to work on it," grumbled John A. Svahn, Social Security's new commissioner, in recent testimony before Congress.

It wasn't always that way. The electronic age for Social Security began in the early 1960s when executives from companies like Prudential Insurance Co. and General Motors came to Woodlawn to marvel at the assemblage of new IBM machines, whirring away in their air-conditioned, hancar-like rooms. In those days, the Social Security computer system was considered the best available.

Somewhere in those early years, though, the system became frozen. It was a phenomenon that nobody could put a finger on until the early 1970s when Social Security officials defined it as a hardware problem. What was needed, they concluded, was a new computer building filled with newer, more sophisticated IBM machines.

Congress accepted the building proposal—the building is being completed—but a House committee balked at a new all-IBM installation. A plan was devised to split the computer system into seven sections so that other companies could bid on the new equipment. (No final decision has been reached. At first, at any rate, the old computers will go into the new building.)

Meanwhile, the suslovion grew in the Office of Management and Budget that the problem really wasn't just a hardware problem. Something had to be done, too, to straighten out

the software, the programming of the computers. In 1979 the Carter administration rounded up two top computer experts, Jan Prokop from the Commerce Department and Rhoda R. Mancher from the White House and sent them to Woodlawn to take charge. Mr. Prokop took over as head of Social Security computer operations, the post held now by Mr. Wicklein, and Mrs. Mancher became his chief assistant.

Appropriations for new software have been sought. But Mr. Prokop decided that it really wasn't just a software and hardware problem, either: It was more of a people problem. Many of his best managers and technicians were quickly siphoned off by private industry, leaving from 10% to 50% of his supervisory slots vacant at any given time. And Social Security's in-house training staff did not contain experts in modern computer systems. So Mr. Prokop found his people learning more and more about 20-year-old techniques and processes that were becoming less and less useful.

And some people, he found, were out to destroy or defraud the system. Ticking off a number of "cases of willful and malicious mischief" during an appearance before the House Government Operations Committee, Mr. Prokop said that morale in the computer center was extraordinarily low, partly because of a series of never-completed reorganizations that left a number of people not knowing what their jobs were. There was also strong resentment of his efforts to bring in outside experts.

Mr. Prokop and Mrs. Mancher are quick to point out that many of the workers at the computer center are dedicated to "getting the checks out" and work long hours under often-frustrating deadlines.

But there are also some who kick the plugs of operating computer equipment out of wall sockets and turn off air-conditioning systems, causing valuable machinery to overheat.

For Mrs. Mancher, who ran the part of the operation that makes benefit calculations and assigns Social Security numbers, the constant threat of sabotage made her job impossible. She resigned in June 1980 a few weeks after a Baltimore television station got an anonymous threat that the computer program tapes at Woodlawn would be destroyed.

That threat meant, according to Mrs. Mancher, that she and two skilled supervisors had to make copies of the major program tapes and hide them every night. In the morning they would compare the copies with the tapes running, the computers to make sure that the little magnetic marks controlling one of the government's most vital and basic functions had not been tampered with.

It was a rough few weeks. And Mrs. Mancher and Mr. Prokop couldn't watch everything. For example, there was the time in February 1980 when Janet Elizabeth Bartlee Blair, a 29-year-old benefits authorizer at Woodlawn, was accused of authorizing \$500,000 worth of disability checks for non-existent beneficiaries. Her fraud, caught only when a sharp-eyed Philadelphia banker spotted the strange accumulation of checks, resulted in 10 years in federal prison.

It also resulted in a growing feeling among federal investigators that not all the glitches in the system are accidental. According to a Social Security spokesman, among the 8,000 instances of benefit checks being sent to dead people, there is "a small group of cases which have some features that could indicate employe involvement."

Both Mr. Prokop and Mrs. Mancher agree that ultimately the Social Security computer system may have to be contracted out to a private company that can understand and support large computer operations.

Meanwhile, the latest temporary fix a repair for the glitch in the Madcap program that gave Mrs. Branch her \$9,281.00 check instead of one for \$202.60—will be in place by mid-October. The error is believed to be a rare malfunction in that program, which deals with only 5 percent of Social Security recipients. So far, according to a spokesman, only one other check of that size has been returned to the agency.

Social Security would, however, welcome reports of any others.

[From the Washington Post, Oct. 13, 1981]  
SSA COMPUTER: MANY CHECKS, NO BALANCES

(By Paul Taylor)

There are times, and this is one of them, when the Social Security Administration seems to be in a race with itself to determine which way it will self-destruct: by bankruptcy or computer collapse.

The bankruptcy scenario is familiar to any reader of the daily papers. The computer's horrors are just as real and embedded in a machine that is massive, intricate and ever-expanding. But even the experts who operate the computer cannot always control it.

"You can't maintain it, you can't change it and you can't hire people to work on it," laments John A. Svahn, the new commissioner at SSA, who has made overhaul of the computer system his top priority.

"The mere mention of the system is guaranteed to provoke gales of laughter and bouts of knee-slapping among people in the computer science field," says Jan Prokop, a computer scientist who served as associate commissioner for systems at SSA in 1979 and 1980.

So far, the computer system has not faltered to the point the agency has been unable to meet its primary charge of getting checks to 3 million beneficiaries by the third of each month. But there is so much the computer cannot do or does badly. Some examples:

Just to implement the normal cost-of-living increases this year, SSA's computer programmers had to spend 20,000 hours feeding data into computers that whirred day and night for nearly four months. With a less unwieldy system, said Svahn, that kind of operation could have been completed in two or three days.

The task of removing certain recipients of the so-called minimum benefit from the SSA rolls, as Congress mandated this summer, is going to be tackled manually because, "just to figure out how to make our computers do it would take 18 months," in the words of Svahn. The manual process will take six months and cost \$150 million. Incidentally, midway through the process, Congress and the president are expected to restore the benefit.

The computer backlog at the SSA is such that it can take months or years—in one case, it took 15 years—before the SSA discovers that a beneficiary has died, moved, lost a spouse, or undergone any of the other changes that call for some alteration in the benefit check. Moreover, the SSA has fallen as far as three years behind in simply recording the retirement contributions of millions of American workers.

It takes time for technology to come to such a sorry pass. Twenty years ago at the SSA, the software system—the manner in which instructions are fed into the computers—was among the most advanced. But over the years, as the demands on the system multiplied, the SSA responded "by throwing more and bigger computers at the problem," says Svahn, without overhauling the software system to keep pace.

The result is a crazy-quilt, sleep-dash network of 76 different software systems that incorporate a variety of technologies span-

ning from the 1960s to the 1980s. "It's sort of like you started with a log cabin, then you added on a wing made of framing lumber, then another made of brick and another made of glass," said one systems auditor who asked not to be identified. "After a while, it gets kind of hard to find your way around."

Worse, the architects of these various additions often failed to leave blueprints behind. "The documentation has been terrible," said Svahn, who recently had to borrow a computer expert who had left SSA for private industry because he was the only one who understood the system he had designed.

Experts and watchdogs have been aware of the SSA's computer problems for years. The General Accounting Office has issued 32 separate reports since 1974. The Department of Health and Human Services has its own review under way, as does SSA and the Government Operations Committee on the House of Representatives.

But alas, the experts don't always agree. In 1979, after 3½ years of study, the SSA came up with a "Future Systems Plan" that supposedly would be the plan to end all plans, the road map for the next decade. Within months, a new team came in to head SSA, and they ditched the plan.

Most students of the problem agree that people are at the heart of the computer mess. SSA has had a history of hiring its computer specialists from within, and Prokop notes that by doing so, SSA has cut itself off from the best minds in the computer field.

Upgrading the technical aspects of the system without bringing in new people to work on it would be, Prokop says, like "giving an aircraft to an apprentice chauffeur." Of course, recruitment is made difficult by the more attractive salaries in the private sector.

Svahn is busily working on his own plan to address these long-term problems, but meanwhile there are more immediate concerns.

The SSA is moving its entire computer operation from its headquarters in Woodlawn, outside of Baltimore, to a new building a mile away. Svahn says the new building "looks nicer" than the old one, but worries that it will be outdated by the time the move is completed next year.

On the other hand, there is this silver lining: With a state-of-the-art uninterrupted power supply at the new building, "we won't have to worry any more about a good stiff thunderstorm knocking out our computers for a couple of hours." That's been another problem.

Mr. PELL. In my view, these are examples of quality control and efficiency problems that are swiftly dealt with in private industry. These inaccuracies must not and cannot be ignored when they occur in one of our most important public programs. The social security system has always had an excellent administrative track record. It is for this reason, in addition to the American people's reliance on social security, that any cases of declining efficiency in this program ought to be nipped in the bud. If Congress ignores the reports of reduced productivity and mechanical inefficiency within the system, our citizens will become very concerned about the ability of the system to continue to process an increasing number of claims over the long run.

The social security system ought to have the best managers, the latest computer capacity and the most up-to-date technology in order to maintain the high standards that have always existed in the administration of this program.

It is for this reason, Madam President, that I am offering an amendment today that would direct the General Account-

ing Office to undertake a comprehensive review and assessment of the management efficiency, employee productivity and technical capacity of the Social Security Administration and report the results of its findings to Congress no later than 6 months after the enactment of the current social security legislation.

I want to make it clear, however, Madam President, that it is not my intent to have the General Accounting Office in any way inhibit the social security system from putting its own house in order. I believe that the recent reports about quality control problems that exist in many areas within the social security system merit an outside review. However, any improvement that could be made from within the agency itself would be welcomed.

I understand that this amendment has been discussed with the majority and the minority and I hope that it will be accepted.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Madam President, I have discussed the amendment with the distinguished Senator from Rhode Island and also with the Senator from New York (Mr. MOYNIHAN). I have not had a chance to discuss it with the Senator from Hawaii.

The Senator from Kansas has no objection to the amendment. It would seem to make a great deal of sense. I would urge its adoption and will do what I can, as chairman of the committee, to urge the GAO to move very quickly because, as the Senator from Rhode Island has indicated, there have been recent press reports that are a little disturbing. The American people are a little bit concerned about this system, in any event. This might reassure some of those people that they know that we have done everything possible to make certain that the management is efficient and productive and that we are doing the very things that are in the amendment.

I certainly am willing to accept the amendment.

Mr. PELL. The amendment, as you know, calls for a study to be prepared within a 6-month period.

Mr. DOLE. I might say to the Senator from Rhode Island, if, in fact, the task force is appointed, this study will be available to the task force, depending on the reporting date, and it might be very helpful to them.

Mr. MATSUNAGA. Madam President, we have no objection on the minority side. As a matter of fact, I deem it to be a very meritorious amendment. One of the biggest complaints I have heard over the years that I have been in Congress has been the delay in the issuance of checks to those who have qualified for social security benefits. This amendment will definitely tend toward elimination of that problem. We heartily endorse the amendment.

Mr. PELL. I thank my colleagues very much indeed.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Rhode Island (Mr. PELL).

The amendment (UP No. 480) was agreed to.

UP AMENDMENT NO. 479

Mr. DOLE. Madam President, what is the pending business?

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from South Dakota.

Mr. DOLE. Madam President, I have discussed this amendment, to some extent, with the distinguished Senator from South Dakota, Senator PRESSLER. I have also discussed the amendment with members of the Finance Committee staff, the Social Security Administration staff, and others.

I want to make several points clear about the amendment offered by the Senator from South Dakota. As I understand his amendment, it would not prevent Congress at some later date from making a shift in the date when the cost-of-living increase would be made for social security recipients or making a change in the cost-of-living adjustment formula. That is the way the Senator from Kansas interprets the amendment. I think that was the way it was interpreted by the Senator from South Dakota. If, in fact, the Senator from South Dakota does disagree, perhaps he could indicate that.

I would also like to make clear that the Pressler amendment would not affect the minimum benefit changes included in this bill. We are in the process of restoring the minimum benefit to 90 to 95 percent of the eligible recipients.

I might add that it is, in fact, the Presiding Officer's amendment. I am pleased that she is present at this time. We are considering the restoration of the minimum benefit because, by and large, it is patterned after an amendment that she suggested. I understand she will be speaking to that later today.

So it would not affect any minimum benefit changes included in this bill or future reductions in the student benefits enacted as part of the Reconciliation Act.

Moreover, I would like to make it clear that the amendment would not preclude Congress from enacting changes in social security benefits that apply on a prospective basis; that is, changes that would not reduce the dollar amount of benefits currently received by the recipients. I think that is clear in the amendment, but, as a matter of legislative history, I would point out that this is a sense-of-the-Congress resolution. I can understand the concern of the Senator from South Dakota; what he is concerned about is that somebody getting \$200 a month this month would have that amount reduced to a lesser figure the next month. I have no quarrel with that. I can understand the feelings of his constituents in South Dakota. I think he has performed a valuable service in offering the amendment.

The only qualification the Senator from Kansas would have is that we do not want to lock ourselves into a position. In the event that we continue to find the system in trouble and the trust funds, particularly the OASI trust fund, in deeper difficulty, we may have to make some changes. That has been the thrust of the debate so far today, that Congress must, sooner or later—and generally,

with Congress, it is later, although it should be sooner. We must face up to our responsibilities and address the solvency in the long term of the social security trust fund. Then we can assure the present beneficiaries, and the 115 million Americans, who are working and paying into this system, that when they retire there is going to be a benefit there.

But I see nothing in this amendment that would prevent us from doing what is necessary to make certain that the fund does survive and that we are able to make the benefit payments. That is certainly in line with the intention of the Senator from South Dakota, as I have discussed it with him.

So, on that basis, the Senator from Kansas is certainly willing to accept the amendment. It is my understanding that the Senator from South Dakota would like a rollcall on the amendment. If that is the case, then I would hope that we could ask for the yeas and nays, set the amendment aside and call it up tomorrow at some appropriate time and have the vote.

I think that meets the concerns of the manager on the Democratic side. Is that correct?

Mr. MATSUNAGA. Madam President, we have no objections to setting aside the vote until a later time.

As I understand the amendment, it is merely to express the sense of the Congress, and it would not be absolutely binding on the Congress in any event. While this is a fine amendment, as far as I am concerned, and we do fully endorse it on this side of the aisle also, a question would arise as to the effect of the amendment in the event that the Congress should subsequently decide to reduce benefits. That is a question which might be raised as to the binding effect of the resolution being offered as an amendment.

I would take it from the statements made by the chairman, the Senator from Kansas, having discussed the matter with the author of the amendment, that this is merely an expression of the sense of the Congress and not something which would be binding to the effect that it may interfere with actions of the Senate which may be necessary in the future.

Mr. DOLE. If the Senator from Hawaii will yield, that is the understanding of this Senator. In my discussion with the Senator from South Dakota, I believe he wants to underscore that it is the present intention of this Congress not to cut benefits for current beneficiaries. I think everyone is in agreement with that basic idea. It is also hopefully the intention of this present Congress to come to grips with the serious problems of social security. I am not so hopeful on that.

I do not criticize the Congress because so far the system has worked fairly well and everyone has received their benefits. But I suggest, based on statements by nearly everyone, regardless of party, regardless of philosophy, that we need to do something to shore up the system, not just in a short run, which we are doing today, but also in the long run, and very quickly. This will not be easy

because it is such an emotional, controversial, sometimes political issue.

It frightens Members of Congress. I might add, for someone to go on television, whoever it might be, Republican, Democrat, or someone else, saying, "Congress is about to cut your benefits." That immediately creates a lot of well-founded concern among beneficiaries. But I think it is fair to say that we have a grave responsibility. To this Senator, about the most inefficient and dangerous way we can serve present and future beneficiaries is to do nothing.

That is the point made by the Senator from Hawaii, as I understand it. The amendment is not binding. It does express the concern of the distinguished Senator from South Dakota. I do not quarrel with that concern, but there is a larger problem out there, or could be in the foreseeable future, that we may have to address. If that is the case, then we would have to override even a sense-of-the-Senate resolution.

Mr. MATSUNAGA. Madam President, in fact, I agree with the amendment to the extent that I even ask unanimous consent that I be included as a cosponsor of the amendment.

Mr. PRESSLER. I am very honored. The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. We have no objection to the amendment.

Mr. PRESSLER. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. DOLE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Madam President, I renew the request for the yeas and nays on the Pressler amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Madam President, I suggest the Pressler amendment now be temporarily laid aside so other Members may offer amendments, hopefully.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PRESSLER). Without objection, it is so ordered.

Mrs. KASSEBAUM. Mr. President, I rise to speak to the fact that I believe the Finance Committee has done a very

difficult and, in many ways, extraordinary job, in putting together some legislation which will give us some time to address the longer-range issues that we must face regarding social security.

Mr. President, few Federal programs can approach social security in terms of the number of lives they touch. In addition to the 35 million Americans who directly benefit from it, countless more look to it as a future source of support for themselves and their families.

It therefore comes as no surprise that the financial problems now plaguing the system are viewed with more than casual interest. The financing package before the Senate today addresses two of the concerns most frequently expressed to me by my constituents.

First, it reallocates the percentages of the payroll tax assigned to each of the three social security trust funds and permits borrowing between the old age and survivors insurance (OASI) and the disability insurance (DI) trust funds. In the absence of these actions, it is estimated that the OASI trust fund reserves would fall below the level necessary to pay benefits at some point in 1982. Thus, these corrective steps deal with the immediate cash flow problem facing the system.

Second, this measure partially restores the minimum benefit to current recipients. Taking an approach which I proposed in July, the legislation considers the availability for other pension income in determining eligibility for the minimum benefit. Approximately 85 percent of current minimum benefit recipients will continue to receive it. Thus, we will avoid the situation of forcing older persons—largely women—onto welfare rolls for the first time in their lives. At the same time, we assure that those with adequate outside resources do not continue to receive overly generous benefits from a financially strapped system. The trust fund savings which are forgone as a result of this action would be made up by extending the social security payroll tax to the first 6 months of sick pay and by lowering the maximum family benefit for OASI recipients.

Although these steps are certainly important ones, they fall short of dealing with a third major concern; namely, the long-term solvency of the social security system. Merely juggling accounts will not be sufficient to guarantee the availability of benefits at a time when the ratio of retired to active workers is much less favorable to system finances than is the case today. The American public is well aware of this situation, as evidenced by the declining confidence of younger workers that any social security benefits will be available to them when they retire.

The measure before us today buys us some time to truly come to grips with the most serious problems facing social security. We have the opportunity to consider long-term solutions outside the crisis atmosphere which has characterized recent debate of the issue. It is absolutely essential that we begin now to develop a schedule for implementing the changes needed to assure support for future re-



tirees. We would do a disservice to those reaching retirement age after the turn of the century by postponing action until the trust funds are all but depleted. Providing younger workers with a clear idea of what they can expect from social security will allow them to make retirement plans without the fear that those plans will be disrupted only a few months before their actual retirement.

We now have the chance to offer the leadtime needed to make orderly plans for the future. I applaud the decision of the President to form a task force expressly for this purpose. It is my hope that the recommendations of this group will move us away from the crisis-to-crisis approach toward social security financing, restoring confidence in a system which has served as an important source of support to generations of Americans.

Mr. DOLE. Mr. President, I thank my colleague from Kansas. As I indicated earlier, the minimum benefit provision came substantially from a bill authored by my colleague from Kansas, and the provision now in the committee amendment, with one minor exception, is due to her efforts in large part.

I am certain that the 2.7 million Americans, when they have this restoration, may not understand the genesis of the action, but I indicate for the record that the final committee package contains the amendment authored by my distinguished colleague (Mrs. KASSEBAUM).

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Without objection, it is so ordered.

Mr. GRASSLEY. Madam President, the Finance Committee amendment to H.R. 4331 restores the minimum benefit for all U.S. recipients eligible for benefits before November 1981. It also provides a dollar-for-dollar offset of the minimum benefits of persons receiving a pension from Government employment not covered by social security. In order that recipients may continue to receive their benefits in a timely manner, the amendment also allows borrowing among the three trust funds and mandates a reallocation of the payroll among the three trust funds so that the OASI fund receives a greater portion of the payroll tax. Finally, in order to offset the cost of partially restoring the minimum benefit to current recipients the amendment extends the disability maximum family benefit to retirement and survivor cases and extends the social security payroll tax to the first 6 months of sick pay.

I believe that the Finance Committee amendment is more notable for what it does not do than for what it does. In the short term, it does not provide a prudent level of reserves. In other words, even if our best guess at the performance of the

economy in the next several years turns out to be correct, the trust funds will not build up enough reserves to cushion against a simple downturn in the business cycle. The amendment also does not address the long-term deficit of \$1.6 trillion. For the second time in as many years, we are using the trust funds to buy time.

As the Finance Committee considered social security's financial difficulties it became clear to me that some very basic differences exist among members of the committee. We had difficulty in agreeing on which set of economic assumptions to use, which led us, in turn, to disagree on the extent of the short-term financial difficulty. We could not agree on what constitutes a prudent level of reserves. We even disagreed on the nature of the retirement fund. So, what we finally agreed to do was to disagree. That is the nature of the committee amendment; it is an agreement to disagree. The more I think about it, the more I think we Republicans on the Finance Committee made a mistake in not moving ahead on a social security reform proposal.

As we all know, retirees' benefits under social security are paid for by workers and employers in the form of a payroll tax. Put another way, a substantial portion of pension income in this country is dependent upon the willingness of workers and employers to continue to support the social security system. I am concerned, therefore, when I read that 73 percent of all workers between the ages of 25 and 40 have little or no faith that funds will be available to pay their benefits when they retire.

Over half of those same workers are taxed more heavily by the social security payroll tax than they are by the Federal income tax. And yet, at a time when we are reducing the income tax burden, the payroll tax burden is expected to increase substantially. I am not certain how much longer American workers, in the absence of decisive action by Congress to bring about social security reform, will allow themselves to be taxed to support retired Americans.

We cannot agree to disagree forever. Social security's problem will not go away if we put them off. We cannot wish them away. Because social security is a sensitive issue, I hope that Republican and Democratic Members can reach a bipartisan solution. But, when push comes to shove, leadership must come from this side of the aisle. If there is disagreement, so be it. If social security is used against us, so be it. Our responsibility as the majority party is clear. Whatever the consequences, we must thrash out social security reform and we must do it soon.

I am a political realist. I voted to report this amendment from the Finance Committee because I realize that it is the only way we are going to be able to make payments next year on a timely basis. Despite my reservations, I intend to vote for adoption of this amendment when it comes to the floor of the Senate.

However, in no way would I like this to be interpreted as meaning that this Senator feels that a solution has been

found to the social security problem. On the contrary, we may even be putting off the day of reckoning to a time when we must enact a solution that will not be as sound as a solution that we might enact now.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Madam President, earlier this year, the administration proposed eliminating the social security minimum benefit not only for future beneficiaries but also for those already on the benefit rolls. Although I supported the President's overall efforts to reduce Federal spending, I considered this proposal to be unwise and inappropriate. I did not believe it was either necessary or desirable to cut benefits for people who have already been getting these payments for many years, many of who are very old. I offered and supported amendments in committee and on the floor to restore that benefit. I was unsuccessful at the time, but I felt certain that the decision to cut those benefits would ultimately be reversed. I am pleased that the administration and the Finance Committee have now recognized that we should not be cutting these benefits. The amendment from the committee does not go quite as far as I had previously recommended in restoring benefits for those now on the rolls, but it does go most of the way toward achieving that objective and I hope the Senate will approve it.

The committee amendment will restore the minimum benefit without undermining the budgetary situation or the situation in the trust fund. It does this by incorporating other changes which achieve offsetting savings but which do not adversely affect the benefits of people already on the benefit rolls.

The committee amendment also includes provisions for transferring funds among the three trust funds supported by the social security payroll tax. This reallocation is necessary to assure that benefits can continue to be made until the Congress and the administration are able to determine what additional actions may be necessary to strengthen the funding of the social security program. These programs are highly sensitive to economic changes. Consequently, what and how much will need to be done in the next few years will depend strongly on how well the economy responds to the present economic program. Adopting the committee provision will allow us to act after we have had a chance to see how that economic response is developing.

I believe the Finance Committee amendment addresses the immediate need to restore the minimum benefit and to assure that the funds can continue to meet their obligations over the near term. I urge approval of the bill before the Senate.

## AMENDMENT NO. 582

(Purpose: To provide for a special statement of requests for new budget authority, estimates of outlays and revenues, and estimates of deficits or surplus for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund)

Mr. EAGLETON. Madam President, I call up my printed amendment numbered 582.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an amendment numbered 582.

Mr. EAGLETON. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert the following:

SEC. . . SEPARATE ACCOUNTING FOR SOCIAL SECURITY TRUST FUNDS

For each fiscal year beginning after September 30, 1982, the President shall transmit to the Congress, at the time he transmits the Budget under subsection (a) of section 201 of the Budget and Accounting Act, 1921, and at the time he submits the midyear amendments and revisions of such Budget under subsection (g) of such section, a special statement summarizing requests for new budget authority, estimates of outlays and revenues, and estimates of deficit or surplus (stated both separately and in the aggregate) for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund. The special statement required by this section shall include a comparative summary of the aggregate total requests for new budget authority, estimates of outlays and activities of the Government (other than such Trust Funds). Such special statement shall also include an explanation and analysis of the economic assumptions on which the requests and estimates for such Trust Funds and the requests and estimates for such other function of the Government are based.

(b) The special analysis required by this section shall be transmitted to the Congress in a separate volume from the Budget of the United States or the midyear amendments and revisions of such Budget, as the case may be.

Mr. EAGLETON. Madam President, this amendment is identical to one I offered to the Economic Recovery Tax Act and which was adopted by the Senate on a roll call vote of 97 to 2. Unfortunately, the provision was dropped in conference. I believe it is needed to reassure the public as to the integrity of social security financing—and perhaps other trust fund financing as well—from our deliberations on the rest of the budget. I know all the arguments in support of the unified budget. But, I also know that more and more Americans are coming to doubt that the benefits they are paying for and being taxed for will be there when they retire. Somehow, we have to assure the public that social security will not become a political football.

One way to do that, without doing violence to the unified budget concept at the same time, would be to require that

any proposal affecting social security revenues or expenditures be the subject of a separate reconciliation bill, separately voted on. I reserve the right to offer such an amendment at another time.

The parliamentary situation being what it is today, however, I will content myself with the modest amendment now at the desk.

Very simply, the amendment requires a factual report which will contrast the revenues, expenditures, and surplus or deficit situation of the social security trusts with that for all other functions and activities of Government. Most important, the amendment requires a statement and explanation of the economic assumptions behind the numbers. I believe that if we are going to have a unified budget, we should have a unified set of economic assumptions behind it, and not one set for social security and a completely different set for other parts of the budget. By highlighting the facts, this report may move us toward basic consistency in this matter.

The President has called for a bipartisan approach to the social security problem, a sentiment I am sure all of us endorse in principle. But, the fact is, we will not be able to objectively discuss solutions until we can first agree on a common set of numbers and assumptions as to the magnitude and duration of the problem.

For all its merits as a tool in elevating the impact of Federal activities on the economy, the unified budget does create confusion about the extent to which social security trust funds are separated from other budget revenues and expenditures. Since the inception of the unified budget in fiscal year 1969 there have been charges that unnecessary trust fund surpluses were being engineered to disguise the true deficit in other parts of the budget. That same charge is being made today with regard to the social security system. So long as that dispute continues, there is little prospect for bipartisanship on this issue.

Most of the information which this amendment would cause to be assembled in a single and separate report is already available, but scattered throughout the budget and reports of the social security trustees. The objective is to bring this information together in one place and to require, in the same place, a full explanation of the economic assumptions involved. The amendment in no way changes the present unified budget process. It merely adds a new element which should help explain the condition and interrelationship of social security and other Federal funds.

By itself, this amendment will resolve none of the substantive problems with the social security system. But, it would be a small step toward clarifying basic facts and assuring the public that social security will not become a political football.

Mr. DOLE. Madam President, as the Senator from Missouri correctly indicates, this amendment did pass by a 97-to-2 vote earlier, and it was discussed in conference. It was the feeling at that time that the amendment, although well intentioned, would simply require more

paperwork. We were not certain whether it would tell us more than we already know.

The unified budget and the mid-session review, to my understanding, already contain reports on the trust funds and unified budget as a whole.

In addition, the Board of Trustees in its annual report publishes the financial status of the trust funds and includes current estimates of the shortrun and longrun actuarial balances in each fund.

In 1981 the trustees' report did, in fact, set forth the economic assumptions underlying the projections and provided a means of comparing those assumptions with the administration's budget assumptions.

Notwithstanding that, I will say to the Senator from Missouri, I believe the amendment offered by the Senator would be helpful. I am certainly willing to try it again on the House side. If it is satisfactory with the distinguished Senator from Louisiana, if he is prepared to accept the amendment, I will do the best we can in conference.

Mr. EAGLETON. Madam President, it is perfectly acceptable to me. I am grateful for the comments of the Senator from Kansas and the tacit acquiescence of the Senator from Louisiana, and I hope we can prevail once this bill goes to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 582) was agreed to.

Mr. EAGLETON. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## AMENDMENT NO. 581

(Purpose: To establish a trust fund which is financed from revenues from the repeal of section 602 of the Economic Recovery Tax Act of 1981 and which is used as a reserve for the social security trust fund, and for other purposes)

Mr. EAGLETON. Madam President, I call up my amendment numbered 581.

The PRESIDING OFFICER. Without objection, the amendment will be in order, and the amendment of the Senator from South Dakota (Mr. PRESSLER) will be temporarily laid aside.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an amendment numbered 581.

Mr. EAGLETON. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Viz: At the appropriate place, insert the following new section:

SEC. . (a) Section 602 of the Economic Recovery Tax Act of 1981 (relating to reduction in tax imposed on newly discovered oil) and the amendments made by such section are hereby repealed.

(b) Title II of the Social Security Act is

amended by inserting after section 201 the following new section:

**"SOCIAL SECURITY RESERVE TRUST FUND**

"Sec. 201A. (a) There is established in the Treasury of the United States a trust fund to be known as the Social Security Reserve Trust Fund (hereinafter in this section referred to as the 'Trust Fund') which shall consist of amounts transferred to the Trust Fund under this section.

"(b)(1) The Secretary of the Treasury shall transfer to the Trust Fund each fiscal year an amount equal to the increase in revenues for such fiscal year which results from the repeal of section 602 of the Economic Recovery Tax Act of 1981, except that the aggregate amount appropriated to the Trust Fund under this paragraph for all fiscal years shall not exceed \$50,000,000,000.

"(2) The amount required to be transferred under paragraph (1) shall be transferred to the Trust Fund by the Secretary of the Treasury at least quarterly on the basis of estimates made by the Secretary. Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were not equal to the amounts required to be transferred.

"(c) There is created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section called the 'Board of Trustees') the members, Managing Trustee, and Secretary of which shall be the individuals serving as members, Managing Trustee, and Secretary of the Board of Trustees created under section 201(c). The Board of Trustees shall meet at least once each calendar year. It shall be the duty of the Board of Trustees to—

"(1) hold the Trust Fund;

"(2) report to the Congress not later than the first day of April of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the next five fiscal years;

"(3) report immediately to the Congress whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small; and

"(4) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected payments to, and disbursements from, the Trust Fund during each of the next five fiscal years, and a statement of the actuarial status of the Trust Fund. Such report shall be printed as a House document of the session of the Congress in which the report is made.

"(d)(1)(A) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yield, commensurate with the safety of the Trust Fund. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

"(B) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund. Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the

needs of the Trust Fund and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on—

"(i) all marketable interest-bearing obligations of the United States then forming a part of the public debt,

"(ii) all marketable interest-bearing obligations which are not obligations of the United States but which are guaranteed as to both principal and interest by the United States, and

"(iii) all marketable federally sponsored agency interest-bearing obligations that are designated in the laws authorizing their issuance as lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States;

except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield.

"(C) The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, where he determines that such purchase is necessary to secure the maximum possible interest yield, commensurate with the safety of the Trust Fund, and that such purchase is in the public interest.

"(D) The Managing Trustee shall secure such equipment and enlist the services of such experts as may be necessary for the purpose of allowing the Board to make investments which will secure the maximum possible interest yield.

"(2) Any obligations acquired by the Trust Fund (except public-debt obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such public-debt obligations may be redeemed at par plus accrued interest.

"(3) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

"(e) The Secretary shall transfer, out of any amounts in the Trust Fund, to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Fund such amounts as may be provided by appropriation Acts."

(c) Subparagraph (B) of section 102(c)(1) of the Crude Oil Windfall Profit Tax Act of 1980 is amended—

(1) by striking out the period at the end of clause (ii) and inserting in lieu thereof ", plus", and

(2) by inserting immediately after clause (ii) the following new clause:

"(iii) any amount transferred to the Social Security Reserve Trust Fund under section 201A(b)(1) of the Social Security Act."

(d)(1) Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(1) There shall be transferred to the Federal Old-Age and Survivors Insurance Trust Fund and to the Federal Disability Insurance Trust Fund such amounts as may be appropriated for such purpose from the Social Security Reserve Trust Fund."

(2) Section 1817 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(j) There shall be transferred to the Trust Fund such amounts as may be appropriated for such purpose from the Social Security Reserve Trust Fund."

(e)(1) Except as provided in paragraph (2), the amendments made by this section shall apply to fiscal years beginning after September 30, 1981.

(2)(A) Subsection (a) shall apply to all taxable years and periods to which the provision repealed by subsection (a), and the amendments made by such provision, would have applied.

(B) The Internal Revenue Code of 1954 shall be applied and administered as if the provision repealed by subsection (a), and the amendments made by such provision, had not been enacted.

Mr. EAGLETON. Madam President, I ask unanimous consent that the following Senators be added as cosponsors to amendment No. 581: Senators DODD, CANNON, METZENBAUM, and MITCHELL.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Madam President, social security faces its own "window of vulnerability" (to use a favorite Reagan phrase) as we embark on the unmarked and potentially hazardous trail of Reaganomics.

There is no problem with social security finances in the period from the late eighties through the year 2010. In fact, through most of that time, the trust funds should enjoy large surpluses.

According to the latest Congressional Budget Office estimate, there is not even a short-term problem assuming moderate economic progress and authorization of interfund borrowing. CBO projects combined trust fund reserves will be above 17 percent of yearly outlays through 1990 and above 21 percent in 7 of those 10 years. The minimum acceptable reserve according to most experts is about 15 percent.

This CBO report is encouraging, but not without a red flag. If the economy should perform worse than CBO anticipates, then additional congressional action could be required as early as fiscal year 1985. If things should really go sour, we could be back here even sooner.

I do not know of many economists or financial analysts who put a great deal of stock in forecasts these days.

As a matter of fact, I read somewhere that a lot of economists are copying weathermen in assigning a degree of probability to their forecasts. You know what that is worth. How would you like to be told you have a 40 percent probability of receiving your social security check next year?

The Reagan economic program has never been tried before. There are no guides, but there is plenty of apprehension about the inherent contradictions involved in cutting taxes by \$750 billion, increasing defense to \$1.6 trillion and trying at the same time to balance the budget and maintain a tight money supply.

I do not think we ought to leave the social security system teetering on that edge of uncertainty. We need some greater margin of safety and security than is provided by the otherwise commendable bill before us.

Not long ago, I offered an amendment to the debt ceiling bill which would have repealed most of the special tax breaks given the oil industry by the 1981 Tax Act. The amendment provided for a transfer of that \$33 billion to the social security trusts where they would be held as a reserve against unforeseen economic adversity.



That amendment was defeated, in part I suspect, because of the concern of many Members of the Senate about the burden of the windfall tax on small royalty owners and independent stripper well producers.

Therefore, the amendment I am offering today would leave the royalty owners and stripper well provisions of the Tax Act as they are.

The amendment I am offering today repeals only the tax breaks given to so-called newly discovered oil. It is estimated that between 70 and 80 percent of this oil is produced by the top 50 oil companies for whom the tax break is a pleasant, if gratuitous, bonanza.

By eliminating that totally unjustified change in the windfall tax, we would add an estimated \$14.2 billion to the Treasury through 1990. My amendment proposes, as it did before, to transfer these funds to social security.

I ask unanimous consent that a table showing these revenue gains be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Repeal of reduction in tax for newly discovered oil:

*Revenue gain from Eagleton amendment*  
[In billions of dollars]

Calendar year:	
1981	-----
1982	----- 0.1
1983	----- .3
1984	----- .6
1985	----- 1.0
1986	----- 1.8
1987	----- 2.1
1988	----- 2.4
1989	----- 2.8
1990	----- 3.1

Total revenue gain 1981 through  
1990 ----- 14.2

Per estimates of the Joint Committee on Taxation.

(Mr. DURENBERGER assumed the chair.)

Mr. EAGLETON. Mr. President, the distinguished Senator from Delaware (Mr. ROTH) reminded me in an earlier debate, that there is nothing particularly original about my amendment. In fact, it is a far more modest proposal than an initiative he himself made when the windfall tax bill was before the Finance Committee on October 19, 1979.

According to the Senator from Delaware his proposal would have used all of the windfall revenue for social security. The Roth amendment was defeated on a 10-to-10 tie, but every Republican member of the Finance Committee at that time was recorded in favor of earmarking windfall revenues for social security including, I might note, the distinguished floor manager (Mr. DOLE).

Notwithstanding that defeat, the windfall bill reported by the committee and passed by the Senate contained a watered-down version of the Roth proposal. Specifically, it reserved \$18.7 billion of the windfall revenues in a special taxpayer trust fund for possible future use in connection with social security. Unfortunately, that provision was dropped in conference.

As that record shows, there is nothing new about my amendment to earmark some small part of the windfall tax for social security. In fact, my proposal is a good deal less than the measure which, according to Senator ROTH and Senate Finance Committee staffers, was supported by every Republican member of the Finance Committee 2 years ago—Senators ROTH, DOLE, PAKWOOD, DANFORTH, WALLOP, CHAFEE, HEINZ, and DURENBERGER—and the measure was supported on the floor of the Senate by all but Senator WALLOP.

If using the windfall tax revenues for social security was right in 1979, it is even more right in 1981 when the system faces potential problems making ends meet.

In almost every major respect, the two measures which enjoyed such hearty Republican support in 1979 and 1980, are identical to the amendment I have introduced today. The only significant difference among them that I can find is that the Republican-backed measure set aside funds from general revenues of the U.S. Treasury, whereas my amendment seeks to recover funds which were unjustifiably rebated to the treasuries of top oil companies. That is the only difference.

I do not know how Senators are going to vote today or how they are going to explain to their senior citizens back home that it is one thing to help social security out of Government funds, but another if it means taking back something from the oil companies. I do not know what kind of rationale they are going to construct to justify that apparent switch. But, I do know this—the issue before us today has nothing to do with philosophical objections to using general revenue for social security. That is a smokescreen pure and simple, and the record I have just recited proves it.

Nor does the issue have anything to do with compromising the administration's economic program. The tax breaks given the oil companies were not part of the Reagan tax package and, in fact, it was opposed here on the Senate floor by Senator ROTH, the acknowledged coauthor of the supply-side tax bill—the Kemp-Roth bill. He said it was not needed. It was a giveaway. And, to his everlasting credit, he opposed it.

The choice we face on this amendment is clear. Do we think adding \$14 billion to the already swollen profits of major oil companies is more important than providing a small margin of security for our senior citizens? There is no other issue.

The Republican-led initiative in the Senate Finance Committee—backed by all committee Republicans—puts to rest the notion that using outside revenues for social security is somehow a liberal Democratic program. To the contrary, it is an approach which has had strong bipartisan support in the past and which enjoys wide public support today.

Mr. President, the adoption of the reduced tax on domestic production of new oil was a senseless squandering of tax resources. The whole premise of our agreement to decontrol oil prices with a tax on excessive, unearned profits was that it would provide ample incentive

for exploration and production. This incentive is more ample in my opinion. Oil company revenues are at staggering levels. The drilling industry is operating at maximum capacity, and even so, oil companies are investing less than half their income in new production and only a small percentage in research on alternative or synthetic fuels.

It was only a week or so ago, that some in this Chamber were bewailing the monstrous, almost unimaginable trillion dollar national debt. A trillion dollars—truly a staggering figure. I remember someone on the other side of the aisle telling us how many times that trillion dollar debt would encircle the Earth if laid end to end in dollar bills. If anyone needs a reminder of how much the decision to decontrol oil prices meant to the oil industry and cost consumers, just think of that national debt, because it is the same figure. At the time of its decontrol decision the administration estimated it would mean at least \$1 trillion to domestic oil producers through the year 1990—enough to retire the whole national debt.

Now, the windfall tax took only about 22 percent of those added revenues—\$227 billion—and even that amount some want to give back to the oil companies.

How can we vote to cut social security benefits by \$2 billion, as we have, and close our eyes to this absolute gift to the oil companies?

There is no question of using general revenues for social security here. These are not general revenues. They are lost revenues—giveaway revenues that serve no purpose other than enrichment of oil companies already so profitable they do not know where to spend it all.

That is the issue posed by my modest amendment. At this time of hand wringing over the budget and scarcity of revenues, it presents a simple choice. Is this \$14 billion better spent to fatten profits of a few oil producers or is there a greater need to give our 36 million social security recipients a small margin of safety against loss of their benefits?

I can understand some of my colleagues' concern for small royalty owners and independent stripper well producers. This amendment does not touch the relief we granted those groups earlier this year. It goes simply to the new oil tax reductions in the interest of buttressing the beleaguered social security system. I hope my colleagues will have comparable concern for the millions of social security recipients who depend on those benefits.

In conclusion, Mr. President, I will ask to have printed in the RECORD three letters which we have received supporting the amendment now before this body. One is from the National Caucus and Center on Black Aged, Inc., addressed to me. The address of the National Caucus and Center on Black Aged, Inc., is here in Washington, D.C. The letter is signed by Aaron Henry, chairman.

The next letter that I will ask to put in the RECORD is from the American Federation of Labor and Congress of Industrial Organizations. It is on the letterhead of Mr. Lane Kirkland. It is entitled "Legislative Alert!," dated October 14,

1981, today. It is signed on behalf of the AFL-CIO by Mr. Ray Denison.

The third and final letter is from the National Retired Teachers Association and the American Association of Retired Persons. It, too, is addressed to me under this date and is in support of this amendment. It is signed by Peter W. Hughes, legislative counsel for the National Retired Teachers Association and the American Association of Retired Persons.

Mr. President, I ask unanimous consent that these three letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

**THE NATIONAL CAUCUS,  
AND CENTER ON BLACK AGED, INC.,  
Washington, D.C., October 14, 1981.**

Senator EAGLETON,  
Dirksen Senate Office Bldg.,  
Washington, D.C.

DEAR SENATOR EAGLETON: The National Caucus and Center on Black Aged strongly supports your amendment to repeal the tax cut on newly discovered oil and apply this revenue to strengthen the Social Security trust funds. It is our understanding that this change would make \$14.2 billion of additional revenue potentially available for Social Security through 1990.

We support your amendment because it would (1) help to strengthen Social Security's financing, (2) make the financing more progressive, (3) prevent increases in payroll taxes for workers and their employers, and (4) make further benefit cuts unnecessary.

NCBA urges your colleagues in the Senate to approve this much-needed proposal.

With warm regards,  
Sincerely,

AARON HENRY,  
Chairman.

**LEGISLATIVE ALERT**

**AMERICAN FEDERATION OF LABOR AND  
CONGRESS OF INDUSTRIAL ORGANIZATIONS,**

Washington, D.C., October 14, 1981.

DEAR SENATOR: The AFL-CIO is strongly in support of the Eagleton amendment to H.R. 4331, currently under consideration on the Senate floor, as a fair, timely and responsible means of insuring financial stability of the Social Security system.

The AFL-CIO does not share the views of alarmists who see the demise of the Social Security program; instead, it is our view that interfund borrowing—backed by a fund reserve—can provide the solution to the program's need through the end of this century without cutting benefits.

The Eagleton Amendment provides this fund reserve, and from a most appropriate source, the windfall profits of those who have benefited from our energy crises.

Specifically, the Eagleton Amendment would repeal Section 602 of the "Economic Recovery Tax Act of 1981" which reduced the tax rate on newly-discovered oil from 30 percent to 15 percent. Estimated revenue would be \$14.2 billion by 1990—the life of the windfall profits tax. The amendment provides that this \$14.2 billion would be transferred to the Social Security trusts where it would be held as a reserve against unforeseen economic difficulties. The Eagleton amendment thus would provide a margin of safety and security for those millions of Americans dependent on a healthy Social Security System.

The Administration has admitted that it miscalculated the revenue effects of its massive tax bill enacted just last August. It is estimated that the revenue loss will be about

\$749 billion by the end of FY '86. The Eagleton amendment will simply recoup a small fraction of that amount from those firms that have benefited most from the tax program and decontrol of oil.

The AFL-CIO urges that you vote for the Eagleton amendment to H.R. 4331 as an equitable means of providing a guarantee of stability to the Social Security program and peace of mind to America's deeply concerned working people and retirees.

Sincerely,

DAY DENISON,  
Director, Department of Legislation.

**NATIONAL RETIRED TEACHERS ASSO-  
CIATION, AND AMERICAN ASSOCIA-  
TION OF RETIRED PERSONS,**

October 14, 1981.

HON. THOMAS EAGLETON,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR EAGLETON: NRTA-AARP strongly support your amendment (No. 581) to repeal the recently-enacted tax break provided for newly discovered oil and earmark those funds for the social security trust funds.

Economic adversities have drained the system's combined trust fund levels to precariously low levels. Our Associations are convinced that the pooling of assets from all three trust funds (through interfund borrowing or reallocation schemes) will not be sufficient to carry the system through this decade.

By not seeking to provide additional revenue for social security at this time, Congress will be setting the stage for making deep, precipitous benefit cuts that would seriously endanger the elderly's already declining income security. A more reasonable strategy for dealing with social security's short-term financing problems would be to buttress interfund borrowing or reallocation with limited and temporary infusions of general revenues. The general revenues should be used only to assure with some safety that benefits will be paid as they come due. In order to avoid frustrating efforts to balance the budget, adding revenue to social security will entail having to reduce other government expenditure or utilizing revenue from non-payroll tax sources—such as the oil windfall profits tax.

Having provided for the short-term financial stability of the system, Congress must move decisively to phase-in fundamental changes in social security that will help it accommodate the future demographic shift and eliminate its very serious long-term imbalance.

For now, however, the choice is simple: either Congress provides additional revenue for social security to protect it from inevitable downturns in the economy or it can deal with the system's financial problems by cutting benefits, a strategy that will hurt an already vulnerable segment of society—the elderly.

Sincerely,

PETER W. HUGHES,  
Legislative Counsel.

Mr. DOLE. Mr. President, I wonder if I might just respond for about a minute. There are a couple of amendments that we could accept, if it is all right with the Senator from Missouri to lay his amendment aside temporarily. Also the Senator from Pennsylvania wants to make a brief statement.

First, I would like to just make a brief comment on the amendment. Mr. President, I would say that the vote will come on this amendment tomorrow. I know that it is particularly attractive to me to just mention the word "oil" on the Senate floor and the juices start flowing.

Oil does not start flowing, but the juices start flowing about how we can get some of that oil money. But I am not going to discuss that in any great detail.

I might say that this is one provision in the big tax bill, lowering the tax on new oil, that is truly supply-side because it reduces the tax on newly discovered oil and provides an incentive for more discovery. But we have been through that debate.

The question is whether or not we want to use general revenues in the social security program. The three letters just inserted in the RECORD come from those who want to fund social security with general revenues. Now that is their right. I do not believe that is the correct way to go. I have just notified my colleagues in the Appropriations Committee that if they really want to open a can of worms, they will vote for this amendment. Then they are really going to have appropriations problems.

Once you start funding the social security system and set aside the participatory plan we have now, the appropriations process is really going to be in great difficulty. Social security will be competing up and down the line with every other program. I just suggest that that is not the way to go.

At this point, I would also like to correct an impression about the so-called unanimous committee vote. I read a release put out by the chairman of the Democratic National Committee, Mr. Manatt, in which he indicated that all the committee Republicans had voted for the Eagleton amendment and now we are going to retreat.

If that is the case, then all the Democrats voted against the Eagleton amendment, and I assume we are going to see some of those retreat. I will read the names of those who voted against this fantastic amendment: Senators LONG, TALMADGE, RUBINOFF, BYRD, NELSON, BENTSEN, MATSUNAGA, MOYNIHAN, BAUCUS, and BRADLEY. There are two Democrats who voted for the amendment, Senator GRAVEL and Senator BOREN.

I want to indicate for the RECORD that some of the proponents have indicated that the Eagleton amendment is similar to an amendment offered by Senator ROTH in the Finance Committee about 2 years ago.

The allegation has been made that the committee Republicans who voted for Senator ROTH's amendment in 1979 and who now oppose this Eagleton amendment have somehow flipflopped on the issue.

Let me say for the RECORD that is not the case. That is wrong. It is one more attempt to take political advantage of the plight of social security and the fiscal needs of elderly Americans.

What was the Roth amendment we voted on in the committee on October 19, 1979? During the markup of the so-called windfall profit tax, which is really an excise tax, Senator ROTH offered an amendment to freeze for 1 year the social security payroll tax increase that was scheduled to take effect on January 1, 1981. Senator ROTH argued that this step was necessary to give tax relief to working people.

In order to offset this 1-year payroll tax freeze, Senator ROTH proposed that the increased income tax revenues resulting from oil price decontrol—not windfall profit tax but oil price decontrol—be placed in the hospital insurance trust fund. The Roth amendment did not increase the windfall profit tax nor did it earmark windfall profit tax revenues in any way.

I ask unanimous consent to have placed in the RECORD the vote on that amendment. I also ask unanimous consent to have printed in the RECORD how this present amendment offered by the Senator from Missouri differs from the Roth amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### THE VOTE ON THE ROTH AMENDMENT

After a Ribicoff motion to defer a vote on the Roth Amendment was tabled by a 10 to 8 vote, the Roth Amendment failed to pass on a 10 to 10 vote:

For: Senators Dole, Packwood, Roth, Danforth, Chafee, Heinz, Wallop, Durenberger, Gravel, and Boren.

Against: Senators Long, Talmadge, Ribicoff, Byrd, Nelson, Bentsen, Matsunaga, Moynihan, Baucus, and Bradley.

#### HOW THE EAGLETON AMENDMENT DIFFERS FROM THE ROTH AMENDMENT

The Eagleton Amendment would increase and earmark the Windfall Profit Tax on newly discovered oil; the Roth Amendment would have made no change in the Windfall Profit Tax and would have earmarked increased income tax collections expected from decontrol.

The Roth Amendment was primarily designed to provide tax relief by one-year freeze of social security taxes; the Eagleton Amendment proposes no tax relief.

The Eagleton Amendment seems primarily intended to provide general revenue financing to the social security system; the Roth Amendment would have made no net additions to the social security system and disclaimed any intent to affect the retirement or disability trust funds.

Mr. DOLE. The Eagleton amendment would increase and earmark the windfall profit tax on newly discovered oil; the Roth amendment would have made no change in the windfall profit tax and would have earmarked increased income tax collections expected from decontrol.

The Roth amendment was primarily designed to provide tax relief by 1-year freeze of social security taxes; the Eagleton amendment proposes no tax relief.

The Eagleton amendment seems primarily intended to provide general revenue financing to the social security system; the Roth amendment would have made no net additions to the social security system and disclaimed any intent to affect the retirement or disability trust funds.

#### THE ROTH AMENDMENT IS NO PRECEDENT FOR THE EAGLETON AMENDMENT

In view of the differences outlined above, the Roth amendment to freeze the payroll tax cannot be fairly described as being "similar" to the Eagleton amendment.

As one who voted for the Roth amendment, I did not view it at the time or now as a vote for general revenue financing of social security. Most Republicans

who supported the Roth amendment voted against general revenue financing of the HI fund when the issue was specifically addressed in the Finance Committee.

Frankly, most Republicans voted for the Roth amendment because of partisan maneuvering to deny Senator ROTH a vote on his amendment.

Finance Committee Republicans who oppose the Eagleton amendment have no more "flip-flopped" on the general revenue financing issue than pro-Eagleton Democrats (such as Senators MOYNIHAN and BRADLEY) who voted against Roth in 1979.

The Finance Committee voted 16 to 1 (Senator NELSON opposed) to impose no windfall profit tax on newly discovered oil. Does this mean that any Finance Committee Senator who voted for a new oil exemption and who now votes for the Eagleton amendment has "flip-flopped" on the proper taxation of newly discovered oil?

I suggest that the Roth amendment is no precedent for the Eagleton amendment. In fact, the Finance Committee voted 16 to 1, Senator NELSON opposed, to impose no windfall profit tax on newly discovered oil.

So this was a Finance Committee action on newly discovered oil, 16 to 1, one negative vote, the theory being that you cannot have a windfall tax on something not yet discovered. We have been through that argument. The question today is a larger question. I suggest if you want to vote to start funding social security with general revenues—I know the Senator from Missouri does not agree with that—this is an opportunity. If you want to start putting more pressure on general revenue funds; more pressure on the Appropriations Committee, and less pressure on the Finance Committee, it would certainly ease our burden to find some other way to finance social security than the present plan. But the present plan has worked. We have never had general revenue financing in the general system. It would seem to this Senator that none is needed now.

We will be going into this I assume in more detail tomorrow morning.

I ask unanimous consent that a transcript of the full committee proceedings of October 19, 1979, be printed in the RECORD. I would caution my colleagues and the public that this is an uncorrected transcript of a committee markup.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

#### UNCORRECTED TRANSCRIPT OF SENATE FINANCE COMMITTEE IN EXECUTIVE SESSION, OCTOBER 19, 1979

Now, let us take the Roth amendment. Mr. Roth is recognized for ten minutes. The other side will have five minutes.

Senator ROTH. Senator Packwood hopes that my arguments are not twice as bad.

Mr. Chairman, as I mentioned yesterday afternoon, this committee has been concentrating on big oil companies, independents, conservation tax credits and the poor. Could I have the attention please?

The CHAIRMAN. Let us have order, please. Senator ROTH. The one group that we have really paid very little attention to is the working people of this country.

I might point out that they are paying—

they are the ones who are footing the bill. They are the ones who are paying the higher energy prices, paying the higher taxes, suffering from inflation and, I might say also massive tax increases, and frankly, I do not think it is fair that the working people be left out in the cold.

Mr. Chairman, we have basically two types of windfall. One is the windfall for oil producers, the other one is for the Federal government. Most of our discussions have been dealing with the windfall profits tax. It addresses the oil producers windfall, but unless we act, the Federal government stands to gain billions of dollars in windfall profits from the increased revenue resulting solely from decontrol.

I do not believe the Federal government should be allowed to benefit from oil price decontrol any more than the oil companies. I think that we must act, and I think that we must act now, to return this government windfall to the working people who will be paying higher prices under decontrol.

Therefore, I am proposing that we freeze the Social Security tax increases for the year 1981 and do not permit the projected increases to go into effect that year. Under present law, the already high Social Security taxes are scheduled to increase very substantially in 1981. The tax rate will go up from 6.13 percent to 6.65 percent.

The wage base will jump to \$29,700.

I might point out, Mr. Chairman, that the wage base is now \$22,900; it will go up in '80 to \$25,900, but because the fiscal year has started, it cannot be changed. My amendment would freeze the tax rate at 6.13 percent and the wage base at \$25,900, reducing the maximum Social Security tax by \$887.

Very frankly, if we do not do something now, we are delivering a one-two punch on all Americans.

I point out that the Congressional Budget Office has pointed out that my proposal will have a positive impact on the economy resulting in less inflation and more jobs. According to CBO, the amendment will reduce the inflation rate by .3 percent. That is inflation, .3 percent.

It will lower the unemployment rate by .2 percent and prevent the loss of 250,000 jobs.

So it has a beneficial effect on the economy both from the standpoint of inflation and unemployment.

According to the CBO, the direct budget cost of my proposal would be \$11 billion, but because of the increase in the number of taxpaying jobs and the reduction of unemployment compensation spending, CBO estimates it would have a budget cost of \$8.6 billion.

This payroll tax freeze would be financed by transferring a portion of the billions of dollars in increased revenue from decontrol to the Hospital Insurance Trust Fund.

The Social Security Advisory Council 1979 report endorsed the approach of financing part of the Hospital Insurance Trust Fund from the general revenue. By earmarking these special funds from decontrol, we can insure the stability of the trust fund.

I think it is important to point out that my amendment—again, to repeat, would roll back the payroll tax increases scheduled for '81 by putting the increased revenues from decontrol into the Medicare trust fund. We are not proposing to use general revenue financing for the retirement program either the pension plan itself or the disability trust fund.

Those would not be affected in any way. What my amendment deals with is the Medicare trust fund. As I said, this has been endorsed by the Social Security Advisory Council; by Robert Ball, former Social Security Administrator; and Joseph Peckman of Brookings Institute, as well as a growing

bipartisan group of Ways and Means Committee members.

Mr. Chairman, I do not think there is any question, any question, that Congress will block the 1981 tax increase, but if we wait until next year to do it, right before the election, these revenues may have already been spent, and then a rollback raises some serious problems.

Oil price decontrol will raise a tremendous amount of revenue over and above whatever windfall profits tax is enacted and I think it is only fair that we earmark now—and we want to emphasize now—a portion of these funds for the Social Security freeze.

I will point out that this committee has already taken action to help the poor in 1981 which I strongly support as necessary, but I think it is also important that we tell the working people of America that they, too, are going to benefit.

I pointed out that a number of different groups have come out in support of this approach, Mr. Chairman. According to a CBO study, a reduction in Social Security taxes will be relatively easy to implement, would lead to a lower rate of price increase, would reduce the adverse impact of high energy prices almost immediately.

Dr. Walter Heller, on numerous occasions and again just yesterday, has urged Congress to reduce Social Security taxes in order to reduce inflation and to offset the recession. According to Heller, payroll tax cuts are tailor-made to fit the needs of an economy badgered by both inflation and recession. He believes that a payroll tax will increase take home pay, reduce business costs and help offset the OPEC oil price drag.

Mr. Chairman, I would point out that on June 5, 1979 the Washington Post editorialized if Congress uses the oil tax money to cut payroll taxes as it ought to do—let me read that again. "If Congress used the oil tax money to cut payroll taxes, as it ought to do, it will both hold down inflation and soften the impact on consumers. The burdens of decontrol can be mitigated by careful public policy."

I know there are going to be people who are going to argue, why do we not wait? Why do we not do it sometime later? Mr. Chairman, the same question could be raised by some of these other provisions.

As I have already mentioned, we have taken a number of steps to help the poor, which is essential, but I think there is something wrong with this committee. If we are unable to take action now to relieve this burden on the very people who are paying the increased cost of oil, who are paying increased taxes—I want to mention again that the average medium working family will pay an additional over \$900 in taxes in 1980 and '81 because of the increase in Social Security taxes and because of inflation-induced taxes. It is over \$900; \$921, I believe, is the figure for those two years.

It is about time that we pay some attention to the working people who are paying both the higher prices and the massive tax increases and I urge the adoption of my amendment.

Senator RIBICOFF. The Chairman is not here. I would just make a brief comment. I am sorry that Gaylord Nelson is not here. Oh, here he is.

Gaylord, under the Chairman's ruling, you have five minutes to respond.

Senator NELSON. Five minutes to respond? Senator ROTH. Or to join.

Senator NELSON. I guess I am better responding to something I did not hear than something I did not hear, so I do not feel handicapped.

Some time ago Senator Roth, a couple of weeks ago, brought this question up which I think may very well be a creative approach to a serious problem. I said to Senator Roth at the time, let me think about it, that we have planned to have hearings early Janu-

ary on the whole question of Social Security and its whole situation.

I read the fact sheet, and I think I see, I am not exactly sure, but I think I see what approach Senator Roth is taking, but I think, Senator, we really ought to have hearings first. It is far too complicated for me to make a decision of this dimension, personally, as to where I would go. I am not saying I am for it or against it.

Since we are going to have hearings anyway, it is in the jurisdiction of the Subcommittee and I will get them on, if not later this fall, at least in January or early February, so we have plenty of time and I would be happy to have you as a witness at any time you choose, the first witness if you want.

But I think it is so complicated and we have gotten into so much trouble in the past by doing this stuff on the Floor off the tops of our heads—I do not mean to suggest that you have not given this a lot of thought. The problem is, I have not and neither has anybody else.

I would much prefer if you would withhold this and we will schedule hearings, as we have intended to all along. I just have not gotten around to selecting a date, and then hear you. We may agree or we may disagree, but you will not be barred from taking action.

Senator ROTH. Let me point out that, number one, we have voted \$30 billion of aid to the poor which I voted for. I think it is highly desirable. There were no specific hearings on that.

I would also point out that on a number of other things hearings were held. I really do think that we are leaving the working people out in the cold if we do not give them some assistance now.

To me, to say to wait until the Presidential year means that the tax proposal is going to come forth to help the politician rather than the working people. There is nothing that difficult, that complex, in all candor, in my proposal. There is plenty of money in the additional corporate tax to make up what I am talking about.

We went right ahead and spent this money in other ways. But, for some reason the blue collar workers, the small businessmen and the others, are being left out in the cold.

One of the real problems with our economy today is that we need to create some stability and certainty.

As I mentioned, this proposal would save, according to CBO, something like 250,000 jobs. The beneficial impact of my proposal would be much greater if we act now so that business people can foresee what is going to happen, but in any event, Mr. Chairman, I just see no sense—and why, when it comes to the working people, it is politics for delaying action for helping them out. We are helping everybody else. We are helping big oil companies. We are helping the independent oil companies. We are helping the poor. We are promoting conservation.

But what we are saying—and what every person who does not vote for this proposal is in effect saying is that the working people are not entitled to any consideration, that we have to delay it until tomorrow.

I think you are right. There is no question but that this will be delayed to some time next year, but I think that is a problem. At this very moment, we are telling everybody else what we are going to do but for political reasons—I am not referring to you, Gaylord—that we are waiting to next year where the real danger is that those who wanted to spend these monies—Mr. Chairman, this is the only amendment I know that has any limitation of time, so I do object to any time limit, but I will just point out that what is going to happen that with the hard times upon us, there is going to be a great desire for other groups, other committees, to spend this money to make commitments for it, and

we run a real danger that it will be very difficult to give the kind of relief to the working people that both liberals and conservatives have endorsed and endorsed strongly.

Senator NELSON. Mr. Chairman?

Senator RIBICOFF. Mr. Chairman?

It could very well be that the Finance Committee will adopt the Roth amendment, but I do have respect for the position of the Chairman of the Subcommittee, Senator Nelson.

I would move to defer action on the Roth proposal until hearings are held by Gaylord Nelson's subcommittee with the understanding that those hearings would not be later than 30 days after we resumed session in January.

Senator ROTH. In due deference to my esteemed colleague from Connecticut, Mr. Chairman, in accordance with our practices, I would like an up and down vote on my amendment.

The CHAIRMAN. I think in fairness to those of us who find a lot or appeal to the amendment and might want to be for it, that we ought to let it be considered in an orderly fashion and it seems to me that it ought to vote on Senator Ribicoff's amendment.

Senator ROTH. Mr. Chairman, as I have said, we have taken action on behalf of the oil companies. We have taken action on behalf of the independents, we have taken action on behalf of the poor, we have taken action on behalf of the conservation, but all of a sudden we say, well, let us wait and see with respect to the working people.

Again, I cannot emphasize too greatly that this is a group that is suffering, in many ways, the greatest because they are paying out of their earnings the higher energy prices. They are also suffering from inflation and, as I pointed out, the tax increase, the tax burden on them, during the next two years is very, very substantial, well over \$900 for the median family.

And these people, just like the poor, are having trouble meeting their bills. I can tell you, come December and January, it is going to be a very tough time for these working people.

The local newspaper at home said, a couple of days ago, when the Senate turned down the Javits amendment the first time—which I voted for—that the poor were left out in the cold.

Well, I regret to say, Mr. Chairman, that I think that is exactly what we are doing today if we do not do some relief to the working people.

The CHAIRMAN. This is not a Social Security bill, Senator. I will be glad to have this identified as the Roth amendment when we vote on it. It seems to me that we ought to move in the orderly legislative process.

You are talking about repealing a tax that would go into effect 15 months from now. We could at least take time to look at it in connection, after we had had a hearing and looked at it in connection with other matters.

I discussed it this morning with Senator Muskie, Chairman of the Budget Committee, he said that would give them all kinds of problems with the budget process.

Senator ROTH. Mr. Chairman?

The CHAIRMAN. They think that this ought to be considered in connection with the various other things that will have to be done for the economy and that it ought to be next year's business.

Senator DOLE. Did we not already amend the Social Security Act with aid to the poor?

Mr. STERN. Those are amendments to the Social Security Act, yes, sir.

Senator DOLE. This would not be any departure.

Mr. STERN. They do not affect the Social Security tax.

Senator DOLE. We are talking about the Act.

The CHAIRMAN. The welfare part, and for

the poor, is Title II of the Social Security Act and SSI is Title III of the Social Security Act, I suppose. We do not have anything about the Social Security tax in there. We just have a provision in there for the poor.

Senator DOLE. I think we have probably used more than our time.

Senator NELSON. I think it is an important matter. I do not think we ought to be cut off by time.

Senator ROTH. Mr. Chairman, I would just point out that yesterday we voted over \$1 billion for a dam in Alaska, which had its hearings; on numerous other occasions—

Senator DOLE. That was aid to the poor.

Senator ROTH. We have taken action without hearings.

I notice that our good Chairman of the Budget Committee went ahead and voted for the aid to the poor, despite the unusual procedures so that what I am asking here is not unusual or unique. Other times, we have even stopped these hearings or these proceedings to hold hearings, so whatever hearings were necessary could be held and then we could vote on it.

The point I am trying to make, I think it is important in a bipartisan way that this Committee shows that it also has some concern about the working people.

You mentioned this does not take effect until '81. Neither does our program for the poor take effect until '81, but yet we proceeded on that. So that there is adequate precedent.

What I would hope is that we could all agree that, by giving this relief now, it gives us some time in the future to take a more careful look, in a non-election year, as to what needs to be done.

But I would just like to read to you again what the Washington Post said, because I think it is significant. They pointed out that, "if Congress uses the oil tax money to cut payroll taxes, as it ought to do, it will both hold down inflation and soften the impact on consumers. The burdens of decontrol can be mitigated by careful public policy."

I just think that the time has come for us to show that we have some real concern for the people who are paying the bill.

Senator NELSON. Mr. Chairman?

The CHAIRMAN. Senator Nelson.

Senator NELSON. I said early on, I know that Senator Roth has given a lot of thought to this. I may very well end up, when I understand it better, voting for it. I do not know.

I do know, as Chairman of the Subcommittee on Social Security who has held hearings over a period of years, I found it enormously more complicated than I thought it was. I saw that we made many mistakes in the past that we would not have made if we understood them and some of those mistakes I voted for. They were dead wrong, and they were damaging to the fund.

We did it because we did not have careful enough consideration.

There are several problems here. Of course, if this needs to be done, we can do it for the working people prior, because it does not go into effect until 1981. The reason on the energy assistance to the poor is that we are acting for 1981 is that we have already covered 1980. We have had an energy assistance to the poor program for quite some time.

There is another major, I think, dangerous problem confronting us at the time, and I am worried about it, and that is why I have decided that we would have hearings a long time ago. We will have hearings early next year because of the inflation question.

I would like to point out I hope everybody will take—I do not want to say it until Senator Roth can hear—everybody will give it some careful thought.

One of the most expensive things in the program, but it is correct, is that we index

the benefits of the retirees for inflation otherwise, when they retire in ten years, they have enough to live on; they are bankrupt and on welfare in five years or less.

We adopted a tax rate effective for 1980. In 1981, based upon the actuarial assumption that the inflation rate will be 5.5. We are now hitting into a disastrous situation where it is 14 percent and the retirees are pulling out of the fund money that we had assumed would only be pulled out for that purpose at the rate of the inflation rate of 5.5 percent.

So when we were looking at this a month or two ago, we decided it would be better to have some hearings early next year pull in the actuaries and take a look.

I would hope that no such situation arises. We may be stuck with having to take the money Senator Roth is talking about and putting it in the fund for 1980 or raise the taxes again.

I have no notion. I think it is a dangerous situation.

When we levied our taxes as high as they are, 5.5 was the inflation rate. We are now at 14 percent.

I respect the work Senator Roth has done on this. He may be absolutely correct, but we may make a disastrous mistake by proceeding now without having comprehensive hearings on the most important social program that this country ever adopted, affecting more people than any other program that this country has got.

I will say to the Senator, Senator Ribicoff's motion was made saying within 30 days after we began this session. I think I can meet that easily enough. As a matter of fact, I can get together with staff and select the hearing date, clear it and be ready easily, have hearings on this proposition within 30 days of our return, possibly even later this year, if we get out of here—which I do not think we will—but if we get out of here by the end of November, I would be happy to hold hearings in December.

Senator ROTH. Let me point out two things. First of all, my proposal in no way affects the trust fund for the pension. As I mentioned earlier, it in no way—the same percentage will be paid on my amendment to that pension trust fund that would currently go into effect.

Senator NELSON. Let me ask a question. I was confused about that for another reason. You are earmarking this?

Senator ROTH. That is correct. The funds from the decontrol would go into HI. We would, in no way, affect the disability trust fund or the pension trust fund, both of which are based upon the contributions that are made to it.

I agree with you that the most important program that we have in effect is the Social Security pension plans and we are not touching that in any way.

What I am proposing is that these additional corporate taxes go into the hospital fund that is based upon need, rather than contribution. And, of course, as I pointed out, many people have come out in support of removing that, of supporting that in general revenues.

Senator NELSON. I want to say to the Senator, I got beat in this Committee in 1977 on a motion to move HI out of the Social Security fund and go into the general fund so that, by 1985 or 1986—I have forgotten—HI would be a general fund function, since it is not wage related. Neither disability or HI are wage related. I think it was a mistake to put it in there.

I got defeated on this committee in 1977 on that precise point. I am not disagreeing in principle about moving HI to some other kind of support. I think it is necessary to do so. If we ever do have a health insurance program, it will be a part of that program in one way or the other. But if this goes into

HI, if this inflation rate continues, I do not know whether the present tax rate will hold for 1980 and I think we ought to have hearings before we make decisions about putting \$11 billion into HI.

If my figures are right, HI is better off now than any part of the fund—I do not have it in front of me—it is gaining and in a year or two going up, more income than outgo, in the next four, five or six years, is it not?

Senator ROTH. This comes down to a matter of judgment, of course. As I pointed out earlier, one of my concerns that other committees and other committee goals, all of which are meritorious, will seek to use these funds. So I think it is important for the same reason we are allocating these windfall profits for the poor and other people that we allocate this additional corporate tax to help out the working people.

To me, it is just a question of equity and fairness.

The CHAIRMAN. Let me make one point here. You have an awful lot of people in this country concerned on how you are going to finance Social Security—the workers, the beneficiaries, the employers who are paying half of the money in the fund, and they have a right to be concerned about it. All of those people have a right to be heard. They have a right to think about it, they have a right to study it, they have at least a moral right to communicate about it.

And after they have had a chance to give it due consideration to communicate to the Congress.

This is something that does not take place until January, 1981. All we are suggesting is that we give ourselves time and give the American people time and everybody, every responsible and every irresponsible group that has a way of thinking about these things time to think about it and time to talk about it and let themselves be heard before we vote on this.

Here is a bill to put a windfall profits tax on. And we talked about credits using for energy and urban transit in connection with it and I know the Senator indicated he planned to offer an amendment of this sort early in the game. As a practical matter we will be voting at the last minute, without hearings, on a major bill to overhaul the Social Security program.

It just seems to me that that is not the responsible way to do it.

Would the Chairman of the Budget Committee complain about that approach, would the Chairman of the Subcommittee that deals with Social Security saying that he would like some time to hold some hearings and let people be heard and think about it.

Senator DOLE. As I understand it, we finish this bill today. We meet against next week. Then there will be a ten-day period before it goes to the Floor. Maybe we could have the hearings between now and that time and agree to offer it as an amendment on the Floor.

The CHAIRMAN. It will be offered on the Floor, anyway.

Senator DOLE. Maybe by Senator Kennedy or somebody who has an interest in working people.

The CHAIRMAN. If it is going to be offered on the Floor, I would prefer Mr. Roth to offer it on the Floor. As far as I am concerned, if the Ribicoff motion carries—I am not seeking to deny the Senator recognition for his amendment. All I am suggesting is that we just do it in the orderly legislative process.

Senator ROTH. Mr. Chairman, we did agree yesterday that we would have an up and down vote on my amendment today. If it were possible to hold the hearings and to have a vote on it before we finally report the bill out, that would be an alternative, but otherwise I think we ought to go ahead and have an up and down vote now on my amendment.



Senator BYRD. May I ask a question? Is this a one-year deferment?

Senator ROTH. Yes, sir.

Senator BYRD. What happens at the end of one year?

Senator ROTH. It would go into effect as otherwise scheduled to do so now. It is a one year freeze.

Senator BENTSEN. I do not know if you can vote up or down on it. I want it clearly understood that I may end up finally being for this after appropriate study. If you do have an up or down on it, want that interpreted is that I am opposed to ultimately seeing that we delay the raise.

The CHAIRMAN. Frankly, that is why I think we ought to have a vote on Senator Ribicoff's motion.

Senator ROTH. Mr. Chairman, it is always the practice to give people an up or down vote. I would like an up or down vote on my amendment, as agreed to yesterday.

The CHAIRMAN. Senator, I asked that we put this matter over until yesterday. I did not think I was foreclosing anybody from deferring consideration of it.

Senator ROTH. As you yourself have said during these sessions that it has never been our practice to try to avoid votes on an individual's amendments by parliamentary procedures. I think that has been a very sound policy and, for that reason I would respectfully insist that I do have a vote.

Senator RIBICOFF. It is up to you, Mr. Chairman. I agree with Senator Bentsen.

My feeling is that if we deferred this and the Nelson Committee had hearings, I would vote for Mr. Roth's amendment after hearings by Senator Nelson because I think that there is a basic problem here, but I would vote no today because my feeling is that the points made by Senator Nelson are absolutely sound and there are complications in this whole Social Security fund and I think maybe we should be on the way for restructuring the entire Social Security program.

I do not know what inflation is going to do for potential unemployment with the viability of the fund, and I think on the side of responsibility, with no reflection on Senator Roth—because I do not think there is a more responsible Senator Roth. He is a constructive man with good ideas and I think we has a good idea here.

But I would be a lot happier if Gaylord Nelson had those hearings within a month after we returned, or maybe before, if he can do so.

Gaylord Nelson is not the type of man who stalls and tries to repress things.

Senator BENTSEN. Mr. Chairman, the problem you run into when you vote like this, in effect, for a cut on whatever was going to be increased and you do that by itself, there are things that we may have to do with the Social Security system that will not be as pleasant and when you cannot put the whole package together you may find it very difficult to accomplish the things that are distasteful.

If you have some of the sweet with a package like this, you can accomplish it. I am not concerned about just doing what is politically popular and not doing some of the more difficult things we have to do at the same time in restructuring the Social Security system.

Senator CHAFFEE. Mr. Chairman, there seems to be a good deal of concern about hearings and yesterday, that was raised in connection with another matter, the so-called Gravel amendment, an amendment which nobody knew anything about, never even heard of before it was raised yesterday.

It seems to me that those who are so concerned about hearings—how did that vote come out yesterday on the Gravel thing?

Could you run down who voted aye?

Senator DOLE. We had a chart on the board.

That is a \$2 billion chart there.

The CHAIRMAN. Let me see. The yeas, as of now, the yeas are ten and the nays are five.

Senator CHAFFEE. Could you inform us who voted how, Mr. Chairman?

Senator BENTSEN. I would be glad to say that I am one who voted aye. Let me make a point, as long as this has come up.

Senator CHAFFEE. If I could finish?

Senator BENTSEN. If I may—

The CHAIRMAN. All the Republicans voted no.

Senator BENTSEN. You are going to have a judgment of the marketplace on those revenue bonds as to whether or not that is a feasible project and there was some judgment behind that vote and it was discussed. The question of whether you are going to have Federal appropriations or you are going to have a tax free bond.

If it is not a feasible project, obviously the marketplace would not fund those kinds of bonds.

Senator RIBICOFF. There is another problem. We were dealing with the Gravel amendment on the problem of how do you produce more energy which was germane to the legislation that we now have.

The CHAIRMAN. I am going to rule that we will vote on the Ribicoff motion.

Call the roll.

Senator ROTH. Mr. Chairman, that is the first time in the years that I have served on this committee where a vote on a member's amendment has been avoided.

The CHAIRMAN. Senator, that does not mean it has been avoided. We have a motion to postpone consideration of it after we hold hearings. That has not been avoided.

Senator ROTH. That is not what I am saying, Mr. Chairman. I have a specific amendment proposing this freeze taking place now and obviously that is what we are avoiding, a vote up or down as to whether or not there should be some relief given to the working people.

I think I am entitled, just as the other gentlemen—I have never objected to anyone else's ever having a vote on his proposal, no matter how embarrassing it might be to me, and I think I am entitled to that right.

Senator NELSON. Let me say a word on that, Mr. Chairman.

As Chairman of the Social Security Subcommittee, I do not really understand his amendment and I read it for the first time this morning. I think it is quite a bit to ask that you make a decision involving \$11 billion a year, the whole Social Security system, without any hearings at all. We have a subcommittee for that purpose; I am guaranteeing the hearings.

I do not want to be in a position that voting against Senator Roth's proposal, I might be for it. My point is I can not make an informed judgment after reading a brief memorandum this morning. I just could not. I do not want to be in a position of saying I am against it, I say very well be for it, and we have plenty of time.

So I think I agree with the motion by Senator Ribicoff.

The CHAIRMAN. Call the roll.

Senator ROTH. Mr. Chairman, are we changing the practice of this committee?

The CHAIRMAN. We are voting on Mr. Ribicoff's motion, Senator.

Senator ROTH. This came up, Mr. Chairman, two weeks ago, and I have always played very fair with this committee and at that time there was an effort made to avoid a vote on a particular amendment and I believe the Chairman himself came out and explicitly said we never use procedures to avoid a vote.

Now, I am asking—in that time, accommodation was made, I think at your instigation, and I feel very strongly that we should have an up or down vote on this amendment. As a matter of fact, when we raised it yesterday you asked me if I would wait until to-

day and we discussed voting on it today and I agreed with you. I said I would.

I feel I played very open and fair and I mentioned several weeks ago that I was going to offer this amendment. So I really feel that there should be an up or down vote on my amendment.

The CHAIRMAN. Senator, I think you have made that clear. It is a matter for the Committee to decide and the Committee can either vote the motion up, or they can vote the motion down.

Senator DOLE. Mr. Chairman? I move to table the Ribicoff motion.

The CHAIRMAN. Let's vote on that.

Fine. Let's vote on that. Call the roll. It is not debatable.

Mr. STERN. Mr. Talmadge?

(No response).

Mr. STERN. Mr. Ribicoff?

Senator RIBICOFF. No.

Mr. STERN. Mr. Byrd?

Senator BYRD. No.

Mr. STERN. Mr. Nelson?

Senator NELSON. No.

Mr. STERN. Mr. Gravel?

Senator ROTH. Aye, by proxy.

Mr. STERN. Mr. Bentsen?

Senator BENTSEN. No.

Mr. STERN. Mr. Matsunaga?

(No response).

Mr. STERN. Mr. Moynihan?

(No response).

Mr. STERN. Mr. Baucus?

Senator BAUCUS. No.

Mr. STERN. Mr. Boren?

Senator BOREN. Aye.

Mr. STERN. Mr. Bradley?

Senator BRADLEY. No.

Mr. STERN. Mr. Dole?

Senator DOLE. Aye.

Mr. STERN. Mr. Packwood?

Senator PACKWOOD. Aye.

Mr. STERN. Mr. Roth?

Senator ROTH. Aye.

Mr. STERN. Mr. Danforth?

Senator DANFORTH. Aye.

Mr. STERN. Mr. Chafee?

Senator CHAFFEE. Aye.

Mr. STERN. Mr. Heinz?

Senator HEINZ. Aye.

Mr. STERN. Mr. Wallop?

Senator WALLOP. Aye.

Mr. STERN. Mr. Durenberger?

Senator DURENBERGER. Aye.

Mr. STERN. Mr. Chairman?

The CHAIRMAN. No.

The yeas are ten and the nays are seven.

Senator NELSON. What is the vote?

The CHAIRMAN. The yeas are ten and the nays are seven. Not voting are Messrs. Talmadge, Matsunaga, and Moynihan.

Mr. Moynihan, I have his proxy. I will call that no. Ten to eight.

Senator DOLE. Now the vote is on the Roth proposal.

Senator ROTH. I move.

The CHAIRMAN. Let's have a vote on the Roth amendment. Call the roll.

Mr. STERN. Mr. Talmadge?

(No response.)

Mr. STERN. Mr. Ribicoff?

Senator RIBICOFF. No.

Mr. STERN. Mr. Byrd?

Senator BYRD. No.

Mr. STERN. Mr. Nelson?

Senator NELSON. No.

Mr. STERN. Mr. Gravel?

Senator ROTH. Aye, by proxy.

Mr. STERN. Mr. Bentsen?

Senator BENTSEN. No.

Mr. STERN. Mr. Matsunaga?

(No response.)

Mr. STERN. Mr. Moynihan?

The CHAIRMAN. No.

Mr. STERN. Mr. Baucus?

Senator BAUCUS. No.

Mr. STERN. Mr. Boren?

Senator BOREN. Aye.

Mr. STERN. Mr. Bradley?

Senator BRADLEY. No.

Mr. STERN. Mr. Dole?

Senator DOLE. Aye.  
Mr. STERN. Mr. Packwood?  
Senator PACKWOOD. Aye.  
Mr. STERN. Mr. Roth?  
Senator ROTH. Aye.  
Mr. STERN. Mr. Danforth?  
Senator DANFORTH. Aye.  
Mr. STERN. Mr. Chafee?  
Senator CHAFE. Aye.  
Mr. STERN. Mr. Heinz?  
Senator HEINZ. Aye.  
Mr. STERN. Mr. Wallop?  
Senator WALLOP. Aye.  
Mr. STERN. Mr. Durenberger?  
Senator DURENBERGER. No.  
Mr. STERN. Mr. Chairman?  
The CHAIRMAN. No.

The yeas are ten and the nays are eight. Absent are Messrs. Talmadge and Matsunaga. We will ask the absentees to record themselves. However they record themselves, that is how the vote will go.

Mr. DOLE. The Senator from Delaware was talking about decontrol of prices, not about windfall profit tax. The Senator from Delaware was talking about freezing for 1 year the proposed increase in social security tax. That is not the case today.

The Senator from Kansas is doing his best to get oil production in Missouri and other States where they really do not understand the benefits except when it gets cold, or when they want to start their car.

I have prepared a couple of amendments, one being on the production of automobiles. They do a lot of that in Missouri. Maybe we will have a little tax on the production of automobiles, or maybe a little tax on coal, to put into the social security trust funds. The Senator from Kansas does not propose to offer those amendments because I believe it would be a mistake to start down that path of general funding or general revenue financing of the social security system.

I do not quarrel with the Senator from Missouri; I just hope he does not have enough votes. We will find that out sometime tomorrow.

I urge my colleagues who may read the RECORD, or who may not be able to avoid listening to us in their offices, to look very carefully at the precedent we would establish by the adoption of this amendment. It is not the right way to go. Even if you look at it from the oil standpoint, in the opinion of this Senator this is the one provision in the tax bill that is supply side. We do reduce the tax on newly discovered oil. We do provide incentives for those who want to explore for newly discovered oil.

I would hope that in the ensuing debate we can address this issue as squarely as we should and that we can make an objective judgment. I would urge my colleagues that we not adopt this amendment. I will do that again tomorrow. It is my understanding that the Senator does not want to vote before noon.

Mr. EAGLETON. I was hoping somewhere around 2 o'clock. I do not know what time we are coming in. I thought we were coming in at 11.

Mr. DOLE. The Democrats will have their caucus tomorrow.

Mr. EAGLETON. Mr. President, do we know what time the distinguished majority leader will bring in the Senate?

Mr. LONG. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. There is no order as to the time for convening the Senate tomorrow.

Mr. LONG. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, if it is satisfactory, we will follow the outline initially offered to accept amendments from a couple of Senators, amendments which will be accepted, and then go to the Senator from Pennsylvania.

Mr. HEINZ. The Senator from Pennsylvania would really like to offer his statement on the bill. I have been waiting for quite a while.

Mr. BENTSEN. Will the Senator use his microphone? Unless it is a private conversation, will the Senator use his microphone so we can hear him?

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I rise to present some comments on the bill. I hope I will not take too much time from either the Senator from Texas or the Senator from New Mexico.

As the Senate proceeds to vote on the social security changes recommended by the Finance Committee, I think it is important to set down, for the record, how much has been accomplished in alleviating social security's financial problems—and what remains to be done.

I find it necessary to emphasize the latter point, because although most of us would agree on the need, as this bill does, to reallocate the payroll tax rates, allow interfund borrowing and restore the minimum benefit, the legislation before us today is not a complete solution to either the short-term or the long-term financing problems.

Despite the tax rate reallocation and interfund borrowing, and despite the savings achieved through the Omnibus Reconciliation Act, the financing of social security is extremely risky in the short term. The long-term financing problems of social security have yet to be addressed in a comprehensive way. And given the inadequacy of the short-term steps and the absence of a long-term solution, the American public—workers and beneficiaries—are being asked to tolerate continued uncertainty about the future of social security, at a time when their confidence in that program is already at a historic low.

#### OUTLOOK FOR 1982-88

The next 5 years pose the possibility of the social security funds, combined, running out of money. We all refer to this as "the short-term problem." It is important to understand that the Finance Committee bill before us responds to the short-term financing problem only by shifting tax rates among the three trust funds and permitting interfund borrowing between OASI and DI. The reallocation of the tax rates among OASI, DI, and HI is designed to increase revenues to OASI by shifting revenues from DI and HI between 1982 and 1985, and from DI between 1986 and 1990.

In 1990, revenues are also shifted from

DI back into HI to help strengthen the HI fund against the expected operating deficits which will occur at the end of the 1980's. Interfund borrowing between OASI and DI has the effect of combining these two funds. The combined OASDI fund gains tax revenues under the reallocation plan between 1982 and 1985 and loses revenues in 1990-2004. Beginning in 2005, OASI gets more revenues than under current law and DI less, although the combined OASDI and the HI fund get the same tax rates after 2005 as are now scheduled under current law.

This combination of reallocation of tax rates and interfund borrowing between OASI and DI was designed to produce approximately the same combined trust fund balances for OASDI as if interfund borrowing were allowed among all three funds. But since borrowing from HI has been ruled out, the real concern is about the trust fund balances under OASDI and HI, separately.

Experts agree that the OASDI trust funds should remain at least at 13 to 14 percent of annual expenditures in order to maintain a reasonable margin of safety, and that reserves below 12 percent are certainly inadequate to guarantee the uninterrupted flow of monthly benefit checks.

While this bill may get us beyond the immediate hurdle of 1982, the steps taken will not be adequate in the short term for at least three reasons.

First, Mr. President, I wish to submit for the RECORD the following Social Security Administration estimates. I ask unanimous consent that they be printed, Mr. President.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### TRUST FUND RATIOS UNDER SENATE FINANCE COMMITTEE PROPOSAL AT BEGINNING OF YEAR (BASED ON ALTERNATIVE II-B OF 1981 TRUSTEES REPORT)

(In percent, calendar years)

	OASI	DI	OASDI	HI	OASDI-HI
1981.....	18	20	18	47	23
1982.....	13	13	13	58	21
1983.....	17	20	17	31	19
1984.....	17	25	18	51	18
1985.....	14	21	15	13	14
1986.....	12	19	13	21	14
1987.....	11	19	12	23	14
1988.....	10	20	11	20	13
1989.....	8	21	9	14	10
1990.....	6	21	8	3	7

Source: Office of the Actuary, Social Security Administration, Sept. 29, 1981.

Mr. HEINZ. According to these projections, OASDI balances decline during the decade even after the proposed adjustments will have been made. Leaving aside the critical question of whether the underlying assumptions are reasonable or even credible until later in this discussion, the fact is that, even under this set of assumptions, the balances after 1985 become low—in my judgment dangerously low in the mid-1980's and disastrously low by the end of the decade.

Reserve ratios of 9 percent and 8 percent in 1989 and 1990 are certainly inadequate to maintain a smooth flow of checks to beneficiaries. The SSA estimates above also show that the HI trust fund balances will decline dramatically during the 1980's—reaching 3 percent of



expenditures by 1990. In order to bail out the old age and survivors fund, this bill in fact accelerates the demise of the HI fund.

The second reason we should harbor no illusions that this action is adequate is that the projections above leave no margin for error. The Congressional Budget Office, in the testimony of Director Alice Rivlin before the Joint Economic Committee on September 22, indi-

cated that even with the use of interfund borrowing among the three trust funds, and the savings realized through the Omnibus Reconciliation Act, the margin for error is extremely slim.

In fact, the CBO said that if the economy followed an only slightly more pessimistic path, the trust fund reserves, under interfund borrowing, would become insufficient as early as 1984. At best, we are placing no better than an even money

bet, with the consequences of losing that bet no less than financial chaos for social security recipients.

Mr. President, at this point, I wish to introduce into the RECORD the Congressional Budget Office's pessimistic forecast. I ask unanimous consent that it be printed at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 2.—PROJECTIONS OF SOCIAL SECURITY TRUST FUND OUTLAYS, INCOMES, AND BALANCES, UNDER PESSIMISTIC ECONOMIC ASSUMPTIONS BY CALENDAR YEAR  
[In billions of dollars]

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
<b>Old age and survivors insurance:</b>										
Outlays.....	126.9	141.2	156.0	170.4	185.4	201.5	218.9	236.9	257.5	279.1
Income <sup>1</sup> .....	122.7	128.7	139.2	149.9	167.6	181.5	195.7	211.2	227.0	262.2
Year-end balance.....	18.7	6.1	-10.7	-31.3	-49.0	-69.1	-92.2	-117.9	-148.5	-165.4
Start-of-year balance (as percent of outlays).....	18.0	13.2	3.9	-6.3	-16.9	-24.3	-31.6	-38.9	-45.8	-53.2
<b>Disability insurance:</b>										
Outlays.....	18.1	19.8	20.7	21.9	23.3	25.3	27.1	28.9	31.1	33.5
Income <sup>1</sup> .....	16.9	23.1	25.8	28.5	36.0	40.3	44.9	50.0	55.4	69.3
Year-end balance.....	2.4	5.7	10.9	17.6	30.3	45.3	63.2	84.2	108.5	144.4
Start-of-year balance (as percent of outlays).....	20.0	12.3	27.8	49.9	75.4	119.8	167.5	218.7	270.8	324.3
<b>Hospital insurance:</b>										
Outlays.....	30.1	34.4	39.6	45.4	51.8	58.9	66.9	76.0	86.2	97.9
Income <sup>1</sup> .....	35.1	38.9	42.7	46.4	52.0	60.0	64.8	69.6	74.2	79.6
Year-end balance.....	18.7	23.2	26.3	27.3	27.4	28.5	26.3	20.0	7.9	-10.4
Start-of-year balance (as percent of outlays).....	45.7	54.4	58.6	57.9	52.6	46.5	42.5	34.7	23.2	8.1
<b>Combined OASI, DI, and HI:</b>										
Outlays.....	175.1	195.5	216.3	237.7	260.5	285.7	312.8	341.7	374.9	410.5
Income <sup>1</sup> .....	174.7	190.7	207.7	224.8	255.6	281.8	305.4	330.7	356.5	411.0
Year-end balance.....	39.8	35.1	26.5	13.6	8.6	4.7	-2.7	-13.7	-32.0	-31.5
Start-of-year balance (as percent of outlays).....	23.0	20.4	16.2	11.1	5.2	3.0	1.5	-0.8	-3.7	-7.8

<sup>1</sup> Income to the trust funds is budget authority. It includes payroll tax receipts, interest on balances, and certain general fund transfers.

Source: CBO. Based on pessimistic economic assumptions. Includes the effects of the omnibus reconciliation bill of 1981.  
Note: Minus sign denotes a deficit.

Mr. HEINZ. Mr. President, as you examine these statistics, please bear in mind that this bill, because it prohibits borrowing from the HI fund, would make considerably less money available for basic social security benefits than is implied by the bottom line of this table.

The third reason we must recognize the inadequacy of this response is that all the economic forecasts—whether by SSA or CBO—make the usual but totally unrealistic assumption that there will be a smooth development of the economy and that we will experience no cyclical reversals and downturns, such as the recession that we now find ourselves in. Even with trust fund reserves as high as 13 to 14 percent, these margins will not be sufficient if the economy goes through any significant dips or valleys of the kind we seem to be experiencing with increasing frequency.

In short, those who believe this bill will solve the short-term financing problem of social security are making a bad bet. The committee bill, though helpful in the short run, is far from a complete solution to social security's financing problems in the 1980's. And the risk is that if the economy fails to improve to the levels assumed by the intermediate II-B forecast, that the fund balances will become insufficient well before the end of the decade. It is worth noting that the so-called pessimistic assumptions, under which a crisis occurs in 1984, are in fact, more optimistic than our actual experience of the last 5 years.

LONG-TERM FINANCING PROBLEMS OF SOCIAL SECURITY

Even under the most optimistic forecasts this bill can only postpone the social security financing problem for the next several years. Congress failed to solve the

long-range problems of the system with the 1977 legislation, despite its intent to do so. This year Congress has failed to even try to take the necessary steps to put social security on a fiscally sound basis.

Under the intermediate II-B assumptions in the most recent trustees report, long-range forecasts once again present an adverse picture for the OASI and DI programs. Social security actuaries project that under intermediate II-B assumptions, the OASDI program needs 12 percent more in financial resources than it has under current law in the 2006-31 period, and 36 percent more in the 2031-55 period. Under pessimistic assumptions, the OASDI program needs 41 percent more in financial resources in 2006-30 and 105 percent more in the 2031-55 period.

The sharp increase in costs reflects the changing demographic structure of the population. The ratio of the beneficiaries to covered workers is projected to rise dramatically as the post-World War II baby boom generation begins reaching retirement age after 2010. At that time, the working population will be of the low fertility generation that began in the late 1960's. The ratio of contributors to beneficiaries is projected to decline from 3.2 to 1 in 1981 to 2.0 to 1 in 2030.

We have the time now to seek creative solutions which may, at least in part, reverse the trends contributing to the deficits. But any long-range restructuring of social security benefits and tax levels requires ample leadtime, to give people fair notice about the changes in retirement rules, benefits or tax rates, so that they have the opportunity to make appropriate adjustments in their personal plans,

Any changes have to be introduced gradually, and extend over a long period of time. That is why its essential to begin addressing the long-term problem as soon as possible. Although the changes in benefits under the Omnibus Reconciliation Act of 1981 reduce the long-term social security deficit by 0.17 percent of payroll under intermediate assumptions, this only lowers the average 75-year deficit under intermediate II-B assumptions from 1.82 percent of taxable payroll to 1.65 percent. Mr. President, it should be obvious to all that much remains to be done.

LOSS OF PUBLIC CONFIDENCE

The fact is, Mr. President, that the people of this country are very much aware of both the short-term and the long-term problems.

The worst problem of all, Mr. President, is that the recurring news of social security's financial problems has eroded public confidence in the ability of social security to meet its future commitments. While most Americans support the goals of the social security system, many who are paying social security taxes now are doubting whether it will be around to pay their benefits when it is their turn to retire. There are even those who believe the situation is so hopeless that we should simply throw in the towel and scrap the whole system.

"A 1979 Study of American Attitudes Toward Pensions and Retirement," commissioned by Johnson and Higgins and conducted by Louis Harris and Associates, Inc., found that more than 8 out of 10 current employees have "less than full confidence" that social security will pay them benefits to which they are entitled when they retire; 42 percent have "hardly any confidence at all."

"A Nationwide Survey of Attitudes Toward Social Security," prepared for the National Commission on Social Security by Peter D. Hart Research Associates, Inc., found in 1980 that 61 percent of the nonretired have little confidence that funds will be available to pay their retirement benefits. These doubts were expressed by almost three-fourths of those between ages 25 and 44.

The National Federation of Independent Business commissioned a survey of 1,500 voting age adults between April 2 and April 8, 1981. Overall, the study found "a serious lack of confidence in the retirement program . . . across all segments of American society." Nearly 7 out of 10 Americans—68 percent—recognize that the social security program is in financial trouble. Two-thirds of the adults surveyed—67 percent—are worried about their retirement income. Only 28 percent expressed confidence in the future and say they are unconcerned. Confidence in the program shrinks significantly among younger age groups.

More recently, the New York Times/CBS poll of 1,467 adults conducted in June 28–July 1, 1981, found that a majority of the American people—54 percent—no longer believe that the social security system will have the money available to pay them the full benefits they would be entitled to at retirement. The age breakdown of those who doubt that social security will provide full benefits for their own retirement is also instructive.

#### NEW YORK TIMES/CBS POLL

Percentage who doubt that social security will provide full benefits for their own retirement:

National .....	54
Under 25 years .....	70
25–34 years .....	76
35–44 years .....	64
45–54 years .....	58
55–64 years .....	34
65 and over .....	13

This poll confirms earlier findings that the confidence problem is serious, and more acute among younger and middle-aged workers. But it also demonstrates that roughly one-third of those approaching retirement, 55 to 64 years, and 1 out of 8 of those 65 and over also have serious doubts. There is simply no reason to doubt the failing credibility of our citizenry in this, the most needed, of our programs.

I believe that the worst problem facing social security is the massive loss of public confidence in the system's ability to deliver future benefits. The loss of confidence is genuine cause for alarm because the whole social insurance system rests upon a compact across generations: Younger workers pay taxes to finance the benefits to retired and disabled workers and their families, with the expectation that the younger generations of the future will do the same for them when it is their turn to retire. Growing doubts about the future of social security threaten to undermine workers' willingness to support the payroll tax on which the entire system rests.

Further, although the crisis of confidence among younger workers is now well documented, few people have focused on the heightened anxieties of

retired Americans, who have suffered through a summer of alarm and uncertainty about their benefit checks, along with older working people who are planning for their retirement in a few years.

The widespread lack of public confidence in social security is not a failure of public relations, so to speak. It is an informed public reaction to the short-term and long-term financing problems of social security which I discussed earlier.

The only thing that will really improve public confidence is the assurance that Congress has acted responsibly to put the social security program on a fiscally sound basis. To date Congress has not done so, and this bill does not provide that assurance.

Let me emphasize that even the short-term repair measures undertaken in this bill—its short-term financing proposals to reallocate the tax rates and permit partial interfund borrowing—still leave the program in an extremely vulnerable condition in the short term. And this bill does not even attempt to address the long-term deficit.

If Congress, in the near future, does not get down to meeting its public responsibility, we are going to have the people in this country believing that we are totally incapable of acting responsibly, until we have not only a problem but also a crisis of such magnitude that not only do we deal with it too late, but also, we find that we do not know how to deal with it effectively.

I believe that the Senate Finance Committee would like to deal with social security at the earliest possible date, but I am not always convinced that all the Members of Congress—not just on the Senate side but on the House side as well—are willing to address this issue.

I understand what politics is all about. I understand the pressure in election years. They come every 2 years on the House side and every 6 years in the Senate, on the average.

Although I support the committee bill as the most that can be accomplished in the current political climate, I feel the obligation to point out to my colleagues that there is more to be done. The failure of the Congress to finally resolve the solvency issue leaves beneficiaries and the working population in a chronic state of uncertainty about future benefits. Postponing responsible action too long may lead to dangerous and unforeseen consequences. We simply should not gamble with other people's social security benefits. Maybe if Members of Congress were under the social security system, rather than our own little, modified Federal employee benefits system, the Members of Congress would begin to feel some of the uncertainty and anxiety that our senior citizens and working people now feel. Maybe the way to get the attention of the people on both sides of the Capitol is to suggest that Members of Congress should know what it is like to be the goose, not the gander. I do not know why there is so much reluctance to act.

I suspect that some of those who would deny social security's financial problems secretly believe that if the system does, in fact, fail, there will be no other recourse than to use general revenues. But

I would remind those people that the opposite may also occur, that is, the unwelcome severe and sudden benefit cuts, on the order proposed by the administration last May. In my judgment, neither general revenue financing nor severe benefit cuts are the correct approach. Further, it is certainly not advisable to adopt any policy toward social security that is triggered literally by the default of the system.

Mr. President, today I call upon my colleagues in the House and the Senate to address seriously the real problems we face in social security.

We must take action—and take action soon—to restore the confidence of the American people in the future ability of social security to pay promised benefits.

Mr. BENTSEN, Mr. President, the Senator from Missouri is proposing that we come in through the back door and make some very significant, dramatic, and ill-advised changes in the way we finance social security. Perhaps Senator EAGLETON senses the advent of Halloween, for he has attempted to cloak his amendment in a Robin Hood disguise, claiming that it would take from the rich and give to the poor. In his scheme of things the rich are the big, bad oil companies who are somehow responsible for America's energy problems. The poor are those who are entitled to social security benefits.

Mr. President, it is not a difficult thing for a senator from a nonproducing State to stand on this floor and deliver impassioned speeches against oil companies. I suggest, however, that when it comes to issues as important as energy and social security, this country would be well served by less passion and more reason.

The Senator is proposing that we change the rules and start taxing newly discovered oil and gas at full windfall profit tax rates. That is an idea that simply makes no sense. It is unfair. It will diminish the incentives for domestic energy production and increase our dependence on OPEC. It is also an inadequate, ill-considered, jerry-rigged response to the very real problems we will face in the area of social security financing.

Now, Mr. President, let me just take a few minutes to explain why the Eagleton amendment is poor energy policy. Perhaps we should begin by asking a very basic question: What was the purpose of the windfall profit tax? I am an opponent of that tax, but I think opponents and proponents can all agree that it was designed to prevent oil companies from realizing the full benefit of decontrol of existing reserves. No one, as far as I am aware, has ever suggested that the windfall profit tax was designed to apply to energy that had not yet been discovered.

In fact, the whole point of decontrol was to provide new incentives for America's energy producers to go out and take the risks, spend the millions of dollars to drill the deeper wells necessary to find new oil and gas necessary for the energy independence of this country.

If I were writing a textbook about how our free market system responds to incentives for production, I would use

energy as my first case study. Decades of hobbling our domestic producers with regulated, artificially low prices for their product stifled the search for energy in this country and brought us to a dangerous dependence on imported sources of energy. But then we finally took off the shackles of regulation and offered the incentive of fair market pricing—and look what happened. Today there are 4,300 rigs operating in the United States—nearly 1,200 more than at this time last year. There are more than twice as many rigs at work today as in 1977 when regulation was the rule.

Let me give some other numbers with respect to energy production and energy utilization in this country.

Back in 1977, we imported an average of 8.8 million barrels per day. In April of this year, we were down to 5.4 million—and that is a reduction of almost 40 percent in imports.

Mr. President, that is the kind of payoff you get from decontrol, and that is the sort of incentive Senator EAGLETON threatens to eliminate. Let me also point out that, contrary to much of the rhetoric on this issue, the primary victims of the Eagleton amendment would not be the major oil companies he is so fond of criticizing but America's 12,000 independent producers. It is the independent producer who brings 9 out of 10 of the new field wildcat wells into production in this country. He accounts for over 80 percent of the significant discoveries. They are the ones who have responded so dramatically to the carrot of incentives. They are the ones who are going to suffer under this amendment and are going to have their cash flow cut down. They are putting back 105 percent of what they bring out of the hole back into new production.

So I think it is relatively easy to establish that this amendment would have a severe, negative impact on our ability to find and produce more energy reserves in this country. It is a one-way ticket to increased OPEC dependency.

The amendment is equally unimpressive as a response to our problems in the area of social security financing. Social security is an issue of vital concern to 150 million persons, to every retiree, every wage earner in this country.

The Senator is proposing general revenue financing for social security. That is what it amounts to. It would be a significant change of the past 50 years in the way that the system has been financed. And the Senator is proposing that we take that step here today.

Mr. President, there are some tough decisions facing us on the future of social security. As a Senator and as a member of the Finance Committee, I am prepared to face up to those problems and help find some of the solutions that make the best sense for America. But we are not going to look for the easy answers. We are going to try to find the right answers.

It may be that after a thorough study of the problems and the options available to us, financing from general revenue will be one of those seriously considered. But the point I want to make is that any dramatic break with past

practice in social security financing must be carefully and thoroughly considered.

We have had subcommittee hearings on social security financing in the Finance Committee, and I am confident that we will have full committee hearings. We will have an opportunity—the Senate will have an opportunity—to give the problem the careful consideration it so clearly deserves.

But to lurch all of a sudden in the direction of financing from general revenues as part of an effort to strike at America's energy producers makes little sense and I think it endangers the future of social security.

Mr. President, I urge the defeat of the Eagleton amendment.

Mr. BOREN. Mr. President, I rise in opposition to the amendment by the Senator from Missouri which would take taxes raised from the natural resources of several States to fund the Federal social security program and would roll back tax efforts passed just a few short weeks ago as part of the President's Economic Recovery Act.

In the Economic Recovery Act, inequities of the crude oil excise tax were addressed. Necessary relief was provided in the form of a reduction in the tax rate on small royalty owners, new oil producers and independent producers of stripper oil. Support of these changes was bipartisan and in the country's best interests.

The public interest is best served through government policies that promote continued development of our scarce natural resources. Otherwise, our Nation will never achieve the energy independence we need in order to free us from reliance upon unstable, foreign sources of oil. Recent tragic events in the Middle East have surely increased our awareness of the dangers of such dependency. The reduction in half of the tax on newly discovered oil is important to encourage development and additions to our national resource base. The whole rationale for the windfall profits tax has been that it would be a tax on inventory profits. But there can be no profits tax on something that has not even been discovered yet.

The reduction in half of the tax on new oil provides necessary incentives for independent producers. Independent producers play a major role in the production of new oil as the "wildcaters" of the industry. Independent producers account for 90 percent of new field wildcat wells, 80 percent of significant new discoveries and in 1980 were responsible for 85 percent of successful oil well completions. Now, more than ever, independents need the extra incentives that the new oil tax reduction will provide them. The cost of drilling an average well has risen over 350 percent since 1970. It is currently costing approximately \$10 million to drill a 20,000-foot well in Oklahoma. At the same time, the cost of crude oil is leveling off or in some cases decreasing.

The windfall profits tax has, in addition, created a tidal wave of complex new crude oil regulations that have swamped thousands of smaller operators, who are without the battalions of accountants and lawyers employed by

the major oil companies. The tax has thus diverted substantial drilling revenues into administrative overhead expenses, further reducing an independent's ability to compete. The relief provided by the Economic Recovery Act will enable the small producers to keep a necessary part of our crude oil resources in production.

The proposal of the Senator from Missouri is also undesirable because it fails to solve the problems confronting the social security system.

It is important to realize that there are better ways to alleviate the social security's short-term problem than the proposal now before us. The use of windfall profits tax revenues to finance social security benefits would be, at best, a stopgap measure which would be of help to the social security system only for a short time. The immediate problem facing social security, however, has already been effectively addressed by the Senate Finance Committee. Just last week, in fact, the Finance Committee unanimously agreed upon a package designed to keep the system afloat through the next few turbulent years. Any proposal that is acceptable to every member of the Finance Committee should certainly take precedence over questionable, untested proposals, particularly those that legitimize an unfair and unnecessary tax like the windfall profits tax.

For the long term, the utility of the proposal now before the Senate is even more limited. Revenues from the windfall profits tax are expected to diminish over time, just about when the social security system reaches real financial difficulty. The solution of the long-term problem facing the system can be found only through changes within the system itself. No extraneous, irrelevant proposal such as the one currently before us will be sufficient to guarantee the payment of social security benefits well into the 20th century.

Mr. President, this proposal is offensive; it would be ineffective, and it should be defeated.

● Mr. DURENBERGER. Mr. President, I certainly share Senator EAGLETON's concern over the financial security of the social security trust fund. But the way this amendment approaches the issue represents a step backward, and I am afraid it signals a return to the political infighting that has prevented any real progress in preserving the soundness of the Trust Fund over the last 10 months.

The most encouraging development on the social security issue lies in the fact that after months of disagreement, the President, Speaker O'NEILL and representatives from both political parties have agreed on a bipartisan approach to resolving it. A Presidential commission, evenly divided between Republicans and Democrats, is being created to explore every aspect of the system's problems, and examine all possible solutions. The committee will report its recommendations no later than January 1, 1983.

The Eagleton amendment seeks to shortcut the bipartisan process that we have all worked so hard to establish.

There may well be some merit to the Senator's suggestion that some of the tax benefits granted the oil industry be recycled into the social security trust fund. In my judgment, many of those tax benefits are indefensible, particularly at a time when dollars are being cut from so many domestic programs. And I hope all of my colleagues will remember that many of these benefits originated in the Democratic-controlled House, not in the Republican Senate.

But the bipartisan commission is the body that should be considering this proposal, along with the many other solutions that have been offered to the social security problem. This effort to shortcut the bipartisan commission by forcing the amendment directly to the Senate floor threatens to unravel the agreement that created the commission, and return us to the political infighting that has characterized the issue throughout this session of Congress.

I cannot support that approach. I support the process we have established, and urge my colleagues to do likewise.

It is also essential to bear in mind that the interfund borrowing provisions contained in this bill are essential to insure that those entitled to benefits continue to receive what they earned during the next year and a half. The more we amend the bill and depart from the Finance Committee consensus, the harder it is going to be to get this bill through conference with the House. There are millions of retirement-age Americans who need the reassurance that passage of the interfund borrowing provisions will provide. To jeopardize those benefits by intermixing the social security issue with tax issues, energy issues and other controversial matters is indefensible.

The approach suggested by my distinguished colleague from Missouri is at best a piecemeal approach. In the very short-run, it would replenish part of the trust fund deficit by diverting revenues from the windfall profits tax. But the revenues from that tax will steadily decrease over the next decade as the "windfall profits" resulting from oil decontrol gradually disappear.

With the number of retired Americans increasing steadily, we cannot afford to link the future of the social security trust fund to a steadily decreasing source of revenue. At best, this approach provides a small part of the ultimate solution. The bipartisan committee is the best forum to determine how it should be combined with other elements to insure a permanent solution to the problems of the social security trust fund.

I urge my colleagues to put politics aside on this issue, and reject the Eagleton amendment. The retirement security of millions of Americans depends on the actions we are about to take. It is a time for all of us to act responsibly, not politically.●

Mr. DANFORTH. Mr. President, I ask unanimous consent that the amendment of Senator EAGLETON be set aside temporarily and that an amendment that I will send to the desk be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 481

(Purpose: To provide for the release of information necessary to carry out the provisions of section 223 relating to the prohibition of payments to prisoners)

Mr. DANFORTH. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. DANFORTH), for himself, Mr. CHILES, and Mr. BENTSEN, proposes an unprinted amendment numbered 481.

Mr. DANFORTH. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

INFORMATION WITH RESPECT TO PRISONERS

Sec. . Section 223(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, any agency of the United States Government or of any State (or political subdivision thereof) shall make available to the Secretary, upon written request, the name and social security account number of any individual confined in a jail, prison, or other penal institution or correctional facility under the jurisdiction of such agency pursuant to his conviction of an offense which constituted a felony under applicable law, which the Secretary may require to carry out the provisions of this subsection."

Mr. DANFORTH. Mr. President, approximately a year ago Congress enacted the so-called Son-of-Sam amendment to the Social Security Act. The Son-of-Sam amendment was intended to deny disability insurance payments to inmates in penitentiaries. The reason for the Son-of-Sam amendment was clear in that obviously the purpose of disability insurance is to permit those who are unable to work to have a means of providing for their food and shelter.

Inmates in penal institutions obviously have all of their food and shelter provided for them and, therefore, disability insurance for them is not necessary.

It is estimated that about 3,200 prisoners throughout this country have been receiving disability insurance.

The Son-of-Sam amendment denying disability insurance payments to prison inmates was enacted by Congress and was signed into law a year ago. However, a technical problem arose between the Bureau of Prisons and the Social Security Administration, in that the Bureau of Prisons took the position that information as to who was in the prisons could not be made available to the Social Security Administration under the Federal Privacy Act. In addition, a similar problem arose with respect to State privacy laws.

To a larger extent that procedural problem has been worked out by regulations and by arrangement between the Social Security Administration and the Bureau of Prisons and various State gov-

ernments. However, the present concern is that court challenges will be made as to the validity of the regulations and that the problem will be with us for some time.

The amendment that is now pending does two things. First of all, it makes clear in the statute that the Federal Privacy Act is inapplicable in this case and that the Social Security Administration will be allowed access to prison records. second, the amendment would preempt State privacy laws to make it clear that the Social Security Administration can get the records for its purposes.

This amendment, Mr. President, has been cleared with both the chairman and the ranking minority member of the Finance Committee. I believe that it is acceptable to both of them.

Mr. BENTSEN. Mr. President, the amendment has been cleared with the minority members of the committee, and I congratulate the Senator from Missouri. So often when we pass legislation, we do not get around to doing the house-keeping matters necessary.

I wish to be added as a cosponsor, if I may, to the amendment.

Mr. DANFORTH. Mr. President, I ask unanimous consent that Senator BENTSEN and Senator SASSER be added as cosponsors, and also I wish to note that the Senator from Florida, Senator CHILES, is also a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, the Senator from Missouri is correct. This has been cleared. It is a good amendment. It will simply facilitate the efforts of the Social Security Administration in carrying out the wishes of Congress in the 1980 legislation as the Senator pointed out.

In order to suspend the payment of social security disability benefits to prisoners, as enacted in 1980, the Social Security Administration (SSA) requires information from the Federal Bureau of Prisons and from States to identify the relevant prisoners. Under various privacy acts, this information cannot be released without the consent of the prisoner.

This amendment would effectively exempt the Federal Bureau of Prisons and the heads of State and local governments from the Privacy Act for the purpose of transmitting the information required by the Social Security Administration.

The pertinent information would be names and social security numbers. I certainly am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (UP No. 481) was agreed to.

Mr. DANFORTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 581

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Missouri.

Mr. LONG. Mr. President, I oppose the Eagleton amendment because I believe it would tend to make a welfare program out of the social security program.

Mr. President, since the beginning of the social security program, the purpose was to set up a program where working people would contribute to the program. The more they made, the more they would pay into the system. And when they retired, they would have benefits larger if they paid more into the fund during their working years, and smaller if they paid less into the fund.

Now, it is not entirely an insurance program, because the Federal Government is not really in the insurance business. It is for that reason that the Federal Government chose to levy a tax rather than attempt to assess a premium to pay for the social security benefits.

But, Mr. President, the insurance principle is carried out in the social security program and it is for that reason that we are justified in paying larger benefits to those in the middle and upper brackets than we do to those in lower brackets.

The amendment seeking to tax so-called "windfall profits" levies a tax on the producer. We have discussed this subject before. There is no doubt about it—this is not a tax on the consumer. The windfall profit tax is an excise tax on the producer of the product. The price of the oil is fixed by world market conditions. The oil is sold in competition with oil produced elsewhere around the world. The American producer gets less for his oil because the tax is subtracted from the amount that he would otherwise receive.

So this is a case of taking a tax that has nothing whatever to do with social security to help finance the social security program. The Senator would authorize an appropriation to use these funds.

Mr. President, to a considerable degree this is the same proposal as the one made by those who say that we should finance social security out of general revenues, or finance it out of the deficit. The Government already has a very large deficit, and it appears that it is going to continue to have a deficit for some years to come. If we see fit to levy additional taxes that have nothing whatever to do with the social security program, then those taxes should be used to reduce the deficit that this Nation faces rather than to make a welfare program out of the social security program.

Mr. President, when former President Jimmy Carter was in the White House, the idea did find some appeal in administration circles to use "general revenues" to finance the social security program. The Senator from Louisiana at that time was chairman of the Finance Committee, and he told the President of the United States that he would not support any such proposal as that. In fact, he said he would vigorously oppose it, because it was the feeling of this Senator that once we started financing by so-called general revenues, the social security program would lose its insurance connection and from that

point forward it would be just one more program in the Government adding to the huge deficits tending to undermine this Government's solvency and tending to reduce the ability of this Government to make good on any commitment it made to anybody.

The financing of the social security program is based on a sound principle. People can criticize the fact that there is some doubt that we will have enough money coming in to meet the payout requirements during the next few years. There are also some doubts that after the year 2015 we will have enough money coming in to meet the demands on the program.

But, Mr. President, the social security program is not broke, it is not bankrupt. It is the one program that has continued to pay for itself. It is different from the general fund of the Treasury which has run up a deficit now of more than a trillion dollars, and which caused us to raise the debt limit recently to borrow more money from citizens to finance other activities of Government.

So, Mr. President, it is the view of this Senator that the way the program is financed is sound. We should continue to finance it that way. We ought to finance it with a payroll tax. There are a number of reasons why we ought to do that.

One reason is that those who wish to pay out more and more social benefits, some people who have very good intentions toward their fellow man but who may not be concerned with fiscal responsibility, want us to pay more and more benefits and they do not want to raise the taxes to pay for them. When they come wanting to pay more benefits for the sick, for the retired, for the disabled, or others, those of us in the Congress can say to them, "Well, we might be able to provide you some help in what you are seeking to do, but if you want to do this under the social security program, those who benefit will have to pay a tax in order to pay the cost of it."

That tends to dampen the ardor of those who want to vastly expand the benefits. As has been pointed out in other debates about this program, the long-term estimate is that the program could be short by a trillion dollars or more. We will have to make our plans to see that there will be enough money to pay out the benefits.

If we cannot raise enough money with a payroll tax to pay for this program, then we should seriously consider trimming back the long-run cost of the program, recalculating the way we arrive at the benefit of those who go on the rolls at some time in the future so that we can live within the revenues that will flow into the fund, just as an insurance company would have to do if it had sold programs and was taking in premiums and found that the revenue available to it was not adequate to pay all the benefits. They would have to trim back and pay what it could with the revenues it had available for that purpose.

Mr. President, I have had prepared a memo to discuss the various arguments against this proposed amendment. I ask unanimous consent that it be printed in the Record at this point.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

**EAGLETON AMENDMENT No. 581 to H.R. 4331: USE OF OIL TAX REVENUES FOR SOCIAL SECURITY RESERVES**

**DESCRIPTION OF THE AMENDMENT**

The Eagleton amendment would increase the tax on newly discovered oil and set aside the proceeds of the tax increase in a new trust fund. The tax rates applicable to newly discovered oil under the "windfall Profit" provisions of the tax code are as follows:

[In percent]

Year:	Present law	Eagleton amendment
1982 -----	27.5	30
1983 -----	25.0	30
1984 -----	22.5	30
1985 -----	20.0	30
1986 and after <sup>1</sup> ----	15.0	30

<sup>1</sup> Until tax phases out, starting about 1990.

The increased revenues from the above tax change would be deposited in a newly established reserve Trust Fund. The amounts so deposited could be subsequently transferred to the social security trust funds to the extent so provided in subsequent appropriations acts.

**MAJOR ARGUMENTS AGAINST THE AMENDMENT**

1. Changes self-supporting nature of social security program.—Social Security enjoys a special degree of support compared with many other government benefit programs because it is self-supporting. Beneficiaries can consider themselves to have earned their benefit rights because they supported the program during their working years through a tax on their wages. Adoption of the amendment is a major step towards changing this program into just another welfare program funded by general government revenues.

2. Severs relationship between wages and benefits.—Social security benefits are considered an earned right because the benefits an individual receives at retirement are related to the wages on which taxes were paid over the individual's working lifetime. The amendment would end the relationship between social security revenues and the wages upon which benefits are based.

3. Proposed revenues unrelated to social security.—There is no particular reason to use a tax on oil to support the social security system. Given the desirability of various benefit increase proposals, this amendment could be a significant precedent for any number of other taxes which seem to affect a limited segment of the economy as a means of financing benefit liberalizations.

4. Makes social security compete with other general fund programs in the budget process.—The amendment proposes a specific tax increase to fund the social security system. But this means that the social security program would be dependent upon a segment of what are really a part of general governmental revenues unrelated to the program itself. This places the social security program in direct competition with appropriated fund programs in the budget process.

5. Makes the continued payment of social security benefits subject to the annual appropriations process.—The amendment does not increase the assurance that benefits would continue to be paid, since the increased revenues would be available for paying social security benefits only when subsequent appropriations acts so provide. As a result, the security of benefit payments would be made subject to approval in annual appropriations acts which might, for example, be vetoed or otherwise delayed because of reasons having nothing to do with social security.



The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. First, I commend the distinguished Senator from Louisiana for his remarks. I hope to talk a little bit about this issue tomorrow. It certainly seems to me with the kind of deficits we are running, and those which we will be confronted with over the next several years, if they want to use the general tax revenues they ought not put it there. We ought not put general revenues into solving the long-term problems of social security.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Is the amendment of the Senator from New Mexico in order at this time?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Missouri.

Mr. DOLE. I ask unanimous consent to temporarily lay aside the amendment of the Senator from Missouri so that we can consider the amendment of the Senator from New Mexico.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 482

(Purpose: To require the Secretary of Health and Human Services to report to the Congress with respect to screening of social security payments to prevent payments to deceased individuals)

Mr. DOMENICI. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows: The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 482.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

REPORT TO CONGRESS

Sec. . The Secretary of Health and Human Services shall report to the Congress within 90 days after the date of the enactment of this Act with respect to the actions being taken to prevent payments from being made under title II of the Social Security Act to deceased individuals, including to the extent possible the use of the death records available under the medicare program to screen the cash benefit rolls for such deceased individuals.

Mr. DOMENICI. Mr. President, in recent days there has been a series of articles which obviously caused great concern to many Americans while we discussed the solvency of the social security fund. It has become obvious that the Social Security Administration does not have a system to assure that when beneficiaries die we stop paying. This is not a question of whether or not we are changing benefits. As reported, they have recently found some deceased where the check has been going on for 14 years

after they died. In fact, in one case it was a rather deplorable situation because, as a matter of fact, one of the kin of the deceased had been using the money for 14 years. When it was discovered, it resulted in some anguish and a lot of family disputes. Ultimately, it ended up in suicide.

Basically, we know now that as a result of these very cursory reports that 8,000 deceased were receiving benefits for substantial periods of time after they had already departed and left this world.

It seems to this Senator that at the minimum, while we are concerning our living social security recipients about the solvency of the fund, we ought to do whatever we can to see to it that this situation is changed.

My amendment is a simple one. It merely orders the Secretary of Health and Human Services to report within 90 days to the Congress telling us what actions they are going to take to put into the social security computer system evidence that exists in this country when people have died, and to give us a report on how they are going to try to make sure that they have the best system possible to see to it that this does not continue.

I have run this amendment by both the majority floor manager and the minority floor manager. I believe they are willing to accept the amendment.

Mr. President, the Social Security Administration has been continuing benefits to 8,000 deceased recipients. In the last 15 years deceased persons were mailed benefits accruing to more than \$60 million.

It is amazing to me that no one at the Administration thought this type of fraud or abuse was occurring and that a systematic check has not been initiated.

In many cases friends or relatives cashed the checks for their own use. There is also the possibility that unscrupulous employees who monitor death notices have allowed payments to continue, diverting them to their own accounts.

Mr. President this amendment is very simple. It requires the Social Security Administration to report to the Congress within 90 days how it proposes to eliminate payments to deceased recipients. In this age of computers there must be a simple, inexpensive method of cross checking lists and immediately halting overpayments. I understand that in many cases citizens voluntarily notify the Administration when someone has passed away and benefits still continue. There is no question that this managerial blundering is what we promised the American people we would ferret out. I will eagerly await the proposal of the Social Security Administration.

I yield to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, I thank the Senator from New Mexico.

Mr. President, it may seem strange to some, but this happens. When we are talking about millions of dollars in benefits being paid to people who left no forwarding address, it is a problem and I thank the Senator from New Mexico. In fact, they are about the only people

we have not heard from on social security. They have not complained about reform of the program, I will say that. But it is a multimillion-dollar loss that should be recovered.

Senator DOMENICI's amendment will serve a real purpose, especially in light of recent newspaper accounts. I have a couple here. One says, "Millions of Dollars in Benefits; Up to 10,000 Dead Mailed Checks." They were mailed checks.

There is also an article entitled, "SS Aims to Recoup Funds Paid to Dead." I ask unanimous consent that they be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

MILLIONS OF DOLLARS IN BENEFITS; UP TO 10,000 DEAD MAILED CHECKS

WASHINGTON. — Government investigators have uncovered at least 8,500 cases in which Social Security benefits are still being paid to people who are listed as dead on Medicare records, officials said Wednesday.

Social Security Commissioner John A. Svahn said the investigation, which is still under way, may find that as many as 10,000 dead people are still being sent monthly Social Security checks involving up to \$60 million in overpayments.

The longest period of undue payments discovered so far dates back 15 years to 1966, when Medicare was begun by former President Lyndon Johnson.

Svahn said he found the payment abuses "astounding."

"The thing that amazes me the most is that no one ever thought about it—no one ever did anything about it," he said.

The Department of Health and Human Services, Inspector General's Office, using as many as 80 investigators to match computer lists and trace the money, turned up 8,518 cases in which Medicare reports showed a person was dead but Social Security benefits were not stopped.

With reviews completed on 1,390 cases, authorities have determined at least 1,100 were actually dead and 190 were alive but reported dead by recording errors.

Among the 1,100 deceased beneficiaries, payments averaging \$292 per month have continued for an average of 44½ months since the person died.

Richard Kusserow, inspector general of HHS, said those improper payments amount to about \$13,000 per case. Total taxpayer cost was \$14.3 million. He said the government expects to recover most of the known overpayments.

"In some instances it's our fault because people have notified us that someone has passed away and we have not terminated their benefits."

Checks for the 1,100 confirmed dead people will be stopped effective Oct. 3, the next date for Social Security payments, Svahn said. Henceforth Medicare death records will be checked against the Social Security rolls, he said.

Kusserow said investigators also are looking into the possibility, that unscrupulous Social Security employees who monitor death notices have allowed payments to continue, diverting them to their own accounts.

"We know from experience that this type of fraud and abuse exists," he said.

He also said that in some cases relatives simply saved benefit checks—for up to 10 years—and returned them when confronted by investigators.

"It's absolutely amazing to me it has been allowed to exist," Svahn said. But he indicated it was just the latest of several embarrassments linked to what he has called Social Security's archaic computer system.

Other problems include continuing pay-

ments to aliens deported from this country and disability benefits still going to prisoners, which Congress outlawed last year, he said.

#### SS AIMS TO RECOUP FUNDS PAID TO DEAD

WASHINGTON.—John Henry Sydnor of Baltimore died on May 31, 1977, but as in the cases of about 8,000 other dead people, his Social Security benefits kept flowing—totaling \$14,287 over four years.

Overall, deceased persons were mailed benefits—for up to 15 years—accruing to more than \$60 million. Investigators believe the money was pocketed by friends, relatives or even Social Security employees.

Social Security Administration chief John Svahn says he is "astounded" by the costly blunder, which was disclosed Wednesday. "The thing that amazes me the most is that no one ever thought about it; no one ever did anything about it," Svahn said.

Richard Kusserow, inspector general of the Department of Health and Human Services, said he will press for criminal and civil penalties against anyone who has improperly cashed benefit checks deposited in the accounts of dead people.

The government expects to recoup much of the money, he said.

Sydnor's son John Henry Jr., a respected 32-year-old photographer, took his life last week, just hours after an FBI agent asked Sydnor about his deposit of his father's monthly benefit checks in his bank account.

Investigators surmised the younger Sydnor succumbed to the temptation created by the government bungle—and was overcome by the damage the episode would do to his reputation.

In another instance, agents of the Inspector general's office at the Department of Health and Human Services found \$63,000 in checks were sent to relatives of a deceased Social Security beneficiary over a 14-year period.

Federal prosecutors in New York, Chicago, Los Angeles and other major cities now are picking up the pieces, considering criminal charges against those who capitalized on the error and kept the payments, now averaging \$374 a month.

The 8,518 cases reviewed so far involved Medicare's death records through March 1981. Svahn said that bringing the investigation up to date may turn up a total of 10,000 cases.

Of the first 2,858 cases, investigators found at least 1,100 were actually dead and 190 were still alive.

Payments to the 1,100 deceased beneficiaries averaged \$292 per month for an average of 44½ months after death. In these cases alone, the overpayments amounted to \$14.3 million.

Checks for the 1,100 confirmed dead people will be stopped effective Saturday, the next date for Social Security payments, Svahn said.

Svahn contended the Reagan administration should get the credit for curbing the waste of taxpayer dollars, but it could not be learned whose idea it actually was to match the computer lists.

Laura Genero, an HHS spokeswoman, said the success of matching the lists "vindicates our whole effort to cross match government records to root out waste, fraud and abuse."

Mr. DOLE. Mr. President, I think that is important. What I think the Senator from New Mexico has in mind is to make certain that there is some procedure in the Social Security Administration for identifying benefits that should be terminated.

I understand that the administration is already moving to end this problem. Senator DOMENICI's amendment will

lend a certain sense of urgency to the Social Security Administration's continuing efforts to update beneficiary records so that benefits will be terminated on a timely basis when appropriate.

Mr. President, I certainly will accept the amendment. I think it is a good amendment. The amendment has been discussed with the distinguished Senator from Louisiana, as far as I know, and he has no objection.

Mr. DOMENICI. Mr. President, I thank Senator DOLE for his concern about the issue that I have raised and for his willingness to accept this amendment, which will mandate the Secretary to come up with the administrative and management package and give it to the Senate through the Committee on Finance within 90 days. I think it is imperative, if we are going to gain the confidence of our people, that while we are worried about solvency and about such things as the unearned social security benefit situation, we assure them that as to the millions of dollars going to the deceased, as Senator DOLE has indicated heretofore, we have a way of minimizing it if not eliminating it in toto.

Mr. President, I yield back the remainder of my time. I yield the floor, Mr. President.

Mr. DOLE. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 482) was agreed to.

Mr. DOMENICI. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### UP AMENDMENT NO. 483

(Purpose: To provide penalties for the misuse of social security numbers)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. BAUCUS) on behalf of himself, Mr. CHILES, and Mr. HARRY F. BYRD, JR., proposes an unprinted amendment numbered 483.

Mr. BAUCUS. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

Sec. . (a) Section 208 (g) of the Social Security Act is amended—

(1) in the matter preceding paragraph (1), by inserting "or for the purpose of obtaining anything of value from any person," before "or for any other purpose"; and

(2) by adding after paragraph (2) the following new paragraph:

"(3) knowingly, alters a social security card issued by the Secretary, buys or sells a card that is, or purports to be, a card so issued, counterfeits a social security card, or possesses a social security card or counterfeit

social security card with intent to sell or alter it; or".

(b) Section 208 of such Act is amended in the matter following subsection (h) by striking out "shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both" and inserting in lieu thereof "shall be guilty of a felony and upon conviction thereof shall be fined not more than \$5,000 or imprisoned for not more than five years, or both".

(c) The amendments made by subsections (a) and (b) shall be effective with respect to violations committed after the date of the enactment of this Act.

#### PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

Mr. BAUCUS. Mr. President, earlier this year, I introduced, along with Senators HARRY BYRD and MOXNEHAN, a bill to provide penalties for the misuse of social security numbers. Today, I am offering that bill (S. 179) as an amendment to our social security reform legislation.

Simply, Mr. President, this amendment would make it a felony to misuse or counterfeit a social security number. This change is long overdue and will enhance the integrity of the social security system by reducing the misuse of social security numbers.

We all know that a social security number is as common as a driver's license. You need one to get a job, to pay taxes, to open a bank or savings account, and for many other things. However, increasingly social security numbers are being used illegally to obtain jobs and benefits. Although we do not know exactly how much this costs each year, crimes based on false identification which often include social security cards, cost American taxpayers more than \$50 million every year.

Last year, at my request, the GAO investigated the misuse of social security cards and numbers. Their findings reveal that the fraudulent use of social security cards to gain benefits or jobs is growing immensely.

One recommendation of the GAO was to make the counterfeiting or altering of social security cards a felony punishable by a fine of \$5,000 or imprisonment for 5 years.

My amendment simply adopts the recommendation of the General Accounting Office.

Mr. President, adoption of this amendment will send a strong signal to the American public that we intend to take necessary steps to restore confidence in the integrity of the social security system. I urge my colleagues to adopt this proposal and press for its immediate enactment.

Mr. President, as our lives become more complex and the social security system becomes a greater part of our lives, particularly as the use of social security numbers becomes more and more important to us as Americans, Americans who pay payroll taxes and, also, Americans who are on retirement, in addition to Americans who pay income taxes, who apply for drivers' licenses and whatnot, social security numbers are a very prominent feature in our lives.



Accordingly, I think it is important that we do what we can to preserve the integrity of social security numbers, that we do whatever we can that is possible to prevent abuse of social security numbers. There has been counterfeiting of numbers. The GAO has recently come up with a report that shows about 37 million cases of fraud through use of counterfeit social security cards for identification. My amendment provides generally that it is a felony to misuse a social security number for purposes of one's unofficial gain through counterfeit of social security numbers. It is something that has come from GAO. I think it is a feature that should be part of this bill.

Mr. DOLE. Mr. President, this is a good amendment. As I have indicated to the Senator from Montana, it is one we should accept. He has indicated that it would increase the penalties for misusing, altering, counterfeiting, buying, or selling fraudulent social security cards. That is now a misdemeanor. The Senator's amendment would make it a felony. This Senator believes it will be useful in clamping down on the fraudulent use of social security cards.

We have had an amendment by Senator DOMENICI. People may think, how can these things happen? Why would they continue to make payments to the deceased? It has happened. This amendment goes in a different direction, but some must wonder, when we are talking about reform of the system, why we do not provide more severe penalties for the misuse of social security cards. This amendment addresses that problem. I am certainly willing to accept the amendment.

I assume it has been discussed with the distinguished Senator from Louisiana.

Mr. BAUCUS. Mr. President, I have discussed it with the Senator from Louisiana and he is agreeable to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 483) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, as far as the Senator from Kansas knows, there are no further amendments to be offered on this proposal. There is the amendment of the distinguished Senator from Missouri (Mr. EAGLETON). There are other amendments that are at least listed as possible—amendments by Senators LEVIN, Senator CRANSTON; a colloquy with Senator MITCHELL, a colloquy with Senator LEVIN. Hopefully, that will be enough. It ought to be enough. But if there are others, we hope to dispose of all amendments and finish action on the bill by midafternoon tomorrow. I hope that Senators are in their offices listening. If we proceed to debate this bill further—11 o'clock tomorrow morning is my understanding—if those Senators having amendments will give us their attention and bring

their amendments to the floor, we can move quickly to dispose of this bill.

Having said that, Mr. President, I think that will terminate any activity on the bill this afternoon.

---

---

**CONCLUSION OF MORNING  
BUSINESS**

The PRESIDING OFFICER. The time for morning business has expired.

---

**RESTORATION OF MINIMUM SOCIAL  
SECURITY BENEFITS**

Mr. PROXMIRE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business will be stated by title. The legislative clerk read as follows:

A bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Missouri.

Mr. EAGLETON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, while I have consistently voted to end the current minimum social security benefit provisions, I intend to support the current bill to amend the social security law. Here is why: H.R. 4331 as reported out by the Senate Finance Committee makes several extremely useful changes in social security which will enable the retirement fund to meet benefit payments in the near future in addition to restoring most beneficiaries currently receiving the minimum social security benefit.

The committee amendment to reallocate the social security taxes among the three trust funds and allow interfund



borrowing provides welcomed flexibility and confidence to the system.

In addition, the proposal to restore the \$122 a month minimum benefit excludes those retired Federal, State, and local government workers whose Government pensions exceed \$300 per month. Of course, even those individuals receiving substantial Government pensions would still be entitled to receive those social security benefits they were actually entitled to based upon their earnings paid into the system.

What I am saying here is that even though the social security minimum benefits would not be available to retired Federal, State, and local government workers who have pensions exceeding \$300 a month, they would still get a benefit that would be say \$115 or \$100 or \$95, or whatever. It would not be \$122, but it would be what they earned. What the minimum social security benefit does is to provide that no social security recipient will get less than \$122. This legislation before us today, as I understand it, would provide that people who have Government pension income higher than \$300 a month might get less than \$122, but in no case less than what they were entitled to under the law.

Mr. President, I believe that a very important fundamental issue concerning the nature of the social security trust fund was at the heart of the initial debate and I would like to briefly review it at this time.

What was proposed was that the minimum social security benefits now being received by about 3 million people be recalculated. People above the minimum would get what they had earned. Many people below the minimum now get more than they have earned from the amounts they have paid in and the number of years they have paid in.

The purpose was to help make the social security trust funds actuarially sound. Many people, some with large incomes from other sources or other pensions, get a minimum payment which they did not earn. My view was and still is that the social security system and funds—like any good insurance program—should pay benefits based on what is paid in and earned. Also, those in need must be taken care of. But additional amounts should be paid to those who need the money from the general revenues.

I want to make that point very clear, Mr. President.

If the minimum benefit payment had been rescinded, as I voted and as others voted, it would not have meant that anybody in need would have gone in need. It would have meant that those in need would get what they need from the supplemental security income (so-called SSI).

The result of that would be that the social security fund would not be used as a welfare fund. You would not drain the social security fund by eliminating the minimum benefits. In the first place, if you abolish the minimum social security payment, you would still take care of those who are needy because they would get what they needed out of SSI, but you would also keep the integrity of

the fund because the social security fund would not lose \$1.3 billion in 1982, \$1.4 billion in 1983, and \$1.5 billion in 1984, which it will if you continue the minimum payment. Therefore, if you abolish the minimum payment that fund would be sounder and those people who rely on the social security fund to give them a pension they have earned would be in a position of not having that pension reduced on the ground that the fund was inadequate.

That is why I took the position I took in the past, which is that we should remove the minimum social security payment because, as I say, I feel very strongly that the social security fund should be protected, so we would not be forced to reduce pensions to those who earned them.

Now, let me run down the effect on the various beneficiaries who now receive the minimum social security if we had eliminated that.

Of the 3 million people who now get the minimum benefit about 200,000 of them earn the minimum benefit and, therefore, would continue to get it. In addition to that, about a million are dually qualified. They have a spouse who now gets social security. Whatever they lost by having their minimum benefit reduced, their spouse would get back dollar for dollar in increased matching benefits. There would be no loss to the couple. They would get exactly the same amount. The spouse that does not get the minimum benefit would get more, a dollar-for-dollar match on what the spouse with the minimum benefit would lose.

There would be an additional 500,000 who would get a dollar-for-dollar match because they now get supplemental security income and they would have their supplemental security income increased by the exact amount they lost in the minimum benefit. And then you have a substantial number, 600,000 people, who, in losing the minimum benefit do not get SSI now, and would lose \$10 or \$15 or \$20, or perhaps more, whatever. The difference between that minimum benefit of \$122 and what they were actually entitled to. They would be able to apply for SSI and they would get it and they would get it in full, what they lost in giving up their minimum benefit.

In some cases, these 600,000 people who get the minimum benefit and who had not applied for the SSI would get more than they get now but they would not get less.

The point of all of that, Mr. President, is that these funds would come from SSI, which is the general revenues. Not from the social security fund. Let me repeat. That additional amount to help people who are needy but had not earned what they needed, they would get that out of general revenues and not out of the social security fund. So the social security fund would not be used as a welfare payment. It would be used to pay people what they earned. It would preserve the integrity of the system, and it would save literally billions over the years for the social security fund.

Of the remaining 800,000 people, a large number are retired Government

employees or have a private pension plan or have other sources of income and do not, and should not, qualify for SSI benefits. However, we are making an exception for retired Government workers in the case of this legislation. We are saying that they are going to get the minimum benefit if their other income is less than \$300 a month.

So, in conclusion, Mr. President, I favor making certain that every person who needs and is dependent on the social security minimum amount suffer no loss.

But I also favor having a social security trust fund pay only that part of the minimum which the person earned. The rest should be paid from general revenues or other sources.

As I say, this is not just a matter of bookkeeping. Some people say, "Well, what difference does it make? It all comes out of the same pot." It does not all come out of the same place.

If you are going to preserve the social security fund and save, as I say, \$1.3 billion in 1982, \$1.4 billion in 1983, and \$1.5 billion in 1984 and subsequently, then you should have these additional amounts paid by SSI, which is from general revenues and not out of the limited social security fund. But this legislation we vote on today does not take us down that path.

Nevertheless, we are following a path which does, to some very limited extent, help the social security trust fund and which, I suppose you could argue, does provide less confusion and more simplicity for those who receive the minimum social security payment.

I think it would be better to face up and recognize that the difference between what people earned and what they were getting from the minimum benefit payments was a welfare payment and have it paid by the general revenues, as I say, and preserve the social security trust fund. This legislation will not do that.

Historically, what has happened is the social security system has been asked to pay for programs which are clearly not a part of the social security system. That is one reason why reforms in the system must be made to keep it sound.

I will vote for this bill, but the more fundamental issue raised must still be faced. And I hope some way and somehow we find in the future that we can meet this problem without permitting the social security system to bear a burden that it should not have to bear. The social security system should be retained in all its integrity as a system which pays the people what they have earned.

I think the overwhelming majority of social security recipients that I have talked to in my State—and I am sure this must be true nationally—agree with that. They do not want to see their money spent for other purposes. They want it to come back as they earned it and as they deserve it.

Mr. President, I yield the floor.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER (Mrs. HAWKINS). The Senator from Florida.

Mr. CHILES. Madam President, the social security amendments which have

been adopted by the Finance Committee are a victory for those of us who have tried again and again during the past few months to get an interfund borrowing amendment passed on this floor—and tried five times to restore the minimum benefit for current recipients.

Each time we offered these amendments, they lost by a very close vote.

The first few times we tried to restore the minimum benefit, the argument against us was that the benefit was not necessary—it was going to people who did not need it—eliminating it would not hurt any of the truly needy—the President had proposed that the minimum benefit be eliminated for all current and future recipients and he had assured us that anyone with very low incomes would not be hurt—they would be able to apply for welfare.

And then we began hearing more and more about a lot of people who would be hurt by eliminating the minimum benefit—and the arguments against our efforts to restore it began to change.

People started to say that maybe we should restore it for the truly needy. And more and more truly needy were found.

Then even the President said he would ask us to restore the minimum benefit. Even though it was the administration's original proposal—and insistence—that it be eliminated for everyone.

Three weeks ago, I offered an amendment—for the fifth time—to restore the minimum benefit for all current recipients. That has always been my position. We lost again by a very close vote.

The Finance Committee provision we have before us today would restore the full minimum benefit for current recipients—except for a very small proportion—about 15 percent—who also receive fairly substantial public pensions in addition to the social security minimum benefit.

These recipients would still receive whatever social security amount they are entitled to based on their social security earnings record. But any minimum benefit amount now received in excess of what they are actually entitled to would be reduced—dollar for dollar—for the amount they receive in other public pensions over \$300.

People with small pensions would still be able to receive the full minimum benefit. People with larger pensions would have some reduction in the minimum benefit—the larger the public pension, the higher the reduction. But no one would receive less social security than they are entitled to, based on their earnings record.

If we are to restore the minimum benefit for this group of people too, I think the best way to do that now is in a House and Senate conference on this bill. I do believe, however, that the Finance Committee acted in good faith and that our concerns about those beneficiaries who would be hit very hard by the elimination of the minimum benefit have been addressed.

We also tried very hard to get Senate approval of interfund borrowing.

This bill authorizes interfund borrowing—and gives us enough flexibility to adjust to imbalances among the three

social security trust funds during the next few years. This is the short-term period of difficulty we have all been hearing so much about. The effect of this proposal is the same as the earlier amendments we offered to authorize interfund borrowing.

We will all be watching the performance of the economy very closely during the next few months and years—but unless all the experts are wrong and we have a very bad performance indeed—accepting this interfund borrowing amendment should put an end to all the horror stories about social security going broke in the next few months or years.

Let us vote for this bill. Take care of the short-term social security problem, restore the minimum benefit, remove the atmosphere of crisis surrounding social security, and get on with a reasoned consideration of the problems we know are still coming in the next few decades.

Madam President, I suggest the absence of a quorum.

**THE PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk proceeded to call the roll. Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

**THE PRESIDING OFFICER.** Without objection, it is so ordered.

RECESS UNTIL 1:30 P.M.

Mr. BAKER. Madam President, it has been brought to my attention that a number of Senators are involved in a caucus meeting today, which no doubt will address itself, in part, at least, to the pending amendment to the bill before the Senate.

It is the opinion of the leadership that to recess the Senate at this time until the hour of 1:30 p.m., in order to facilitate the consideration of those matters in caucus and permit other Senators to confer on the further course of this legislation during the balance of the day, would be useful.

Madam President, for the reasons just assigned, I ask unanimous consent that the Senate stand in recess until the hour of 1:30 p.m.

There being no objection, the Senate, at 12:24 p.m., recessed until 1:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. WALLOP).

**THE PRESIDING OFFICER.** The majority leader is recognized.

Mr. BAKER. Mr. President, I believe that the managers of the bill and the pending amendment will be available to begin debate on this issue in the next few moments. For the time being, I suggest the absence of a quorum.

**THE PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WALLOP. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**THE PRESIDING OFFICER (Mr. MATTINGLY).** Without objection, it is so ordered.

THE PRIVACY ACT

Mr. WALLOP. Mr. President, yesterday, the Senate approved an amendment offered by my colleague from Missouri,

Mr. DANFORTH, to the bill currently under consideration. The amendment removes a technical obstacle to the implementation of a law which I sponsored in the 96th Congress. I am referring to the prohibition on the payment of social security disability benefits to incarcerated felons.

The Privacy Act presents a potential obstacle to the enforcement of the law. The act limits access by the Social Security Administration to the social security numbers of Federal prisoners. This information is under the control of the Federal Bureau of Prisons.

It is estimated that there are almost 3,000 prisoners in State and Federal prisons receiving social security disability benefits. The cost to the trust fund is about \$16 million annually. Mr. President, we cannot continue to provide this windfall to individuals who certainly do not need or deserve the benefits. Passage of the Danforth amendment will insure the effective implementation of the prohibition.

I do have reservations about language in the amendment which would preempt State privacy laws. The bill which I had introduced several weeks ago only affected the Federal Privacy Act. All but one State have assisted in identifying prisoners in State prisons.

Mr. President, I do not feel that this section is needed, and I recommend that the conferees look carefully at it before adopting it and perhaps they will see fit to adopt the provision on the State privacy laws in conference.

AMENDMENT NO. 581

Mr. EAGLETON. Mr. President, the Senate is once again back to considering the amendment which was laid down and debated briefly last evening. Before I yield the floor to other speakers who wish to speak in support of the amendment, I want to take a few minutes to respond to some of the statements made in opposition to my amendment by the distinguished floor manager (Mr. DOLE).

It is the contention of the Senator from Kansas that there is a great difference between the Roth amendment, which he and all the other members of the committee supported in 1979 and again in 1980 in somewhat watered-down form. As supposed proof of that assertion, he noted, for example, that my amendment would earmark a portion of the windfall tax revenues for social security, whereas the Roth amendment that he and the others voted for would have earmarked a portion of corporate taxes for the same purpose.

I concede to the Senator there is a distinction, but I challenge him to tell us where there is a difference. The Senator defines the issue before us as whether it is wise to use general revenues for social security. But he does not and cannot tell us why it is any less sharing of general revenue to use corporate taxes than windfall taxes.

In truth, there is no difference.

During yesterday's debate, the Senator from Kansas put in the Record a transcript of the committee's proceedings on the Roth amendment. I am glad he did that, because I was prepared to read portions of that transcript in this debate.

As it is, I will read only a few passages from Senator ROHR's own arguments in support of his amendment, so that we can weigh those words against the insistence of the Senator from Kansas that the Roth amendment was not bringing general revenue into social security.

On page 13 through page 15 of that transcript dated October 19, 1979, Senator ROHR made very clear what the purpose of his amendment was. He said:

This payroll tax freeze would be financed by transferring a portion of the billions of dollars in increased revenue from decontrol to the Hospital Insurance trust fund.

The Social Security Advisory Council's 1979 report endorsed the approach of financing part of the Hospital Insurance trust fund from the general revenue. By earmarking these special funds from decontrol we can insure the stability of the trust funds.

I think it is important to point out that my amendment—again, to repeat, would roll back the payroll tax increase scheduled for 1981 by putting the increased revenues from decontrol into the Medicare trust funds.

All the Members of this body have to do is read the transcript and the plain words of the amendment's sponsor, Senator ROHR. I do not know what transcript Senator DOLE is reading, but I think Members of the Senate can understand plain English. The Roth amendment openly proposed to earmark general revenues for one of the social security trusts, and that amendment enjoyed the support of every Republican on the committee, including some of those who now say it would be a dangerous precedent.

You can paint the word "horse" on the side of a cow, but it is still a cow. All the Senator's protestations notwithstanding, he cannot rewrite legislative history. The fact is that the amendment the Senator is now arguing would be a "dangerous precedent" in every essential respect the same as the amendment he and other Republican Finance Committee members supported in 1979, and it follows the same approach as this body approved in 1980.

If the Senator wants a "dangerous precedent," let him follow this administration's approach to social security which can be summarized in two words—cut benefits. That is his answer, and that is the only choice we will be leaving ourselves if we reject this amendment. I do not care how many Presidential commissions you appoint. If you rule out a payroll tax increase as most of us do, and if you reject this amendment as Senator DOLE would have us do, then there is only one possible answer to the acknowledged financial problems of social security and that is—cut benefits. As my friend from Arkansas, Senator BUMPERS, likes to say, "You don't have to be broke out in brilliance to understand that." The American people understand that, and that is why they are solidly behind the approach I am advocating. That is why my approach was recommended by the Social Security Advisory Council in 1979.

Let us get back to dangerous precedents. How about breaking faith with the working people of this country who thought they had a contract with the Government? Through their working lives, they pay into social security on the

assurance they will be entitled to its benefits in their retirement years. But, Senator DOLE and the administration want to change that contract. They say we have to cut benefits for the first time in the history of the program—an absolute precedent—because that is better than the other precedent of using some of these windfall profits to shore up the system.

Any Senator who wants to carry that case back to working people and the retired people back home has that choice. But do not try to sell your case to people who are losing benefits on the arguments being peddled here today by the able floor manager. They do not wash.

In the past day or two, I have heard the Senators from Kansas and Texas and Louisiana noting that it is easy for me to propose tapping some of the enormous oil windfall taxes for social security because I do not have any oil production in my State.

They are almost totally correct. We have a modest amount of oil production but not much. All I have are oil users who pay for those profits. All I have are elderly citizens who have to steal from their food budgets to pay their heating bills. I do not have fat cat oil companies in my State, but I will wager this: If these Senators from the oil belt take a look around, they will find that even they have a lot more senior citizens and working people concerned about social security than they have people profiting from the tax giveaway they are trying to defend.

That is the issue here—plain and simple. Are we going to use this \$14 billion in tax funds to further enrich a few, already incredibly profitable oil corporations or use it to shore up a seriously threatened social security system?

If we reject this approach of using some part of the unearned windfall profits for social security, we will be committing ourselves irretrievably to the course urged by Mr. Stockman and Mr. Schweiker and that is to make massive cuts in benefits and probably on an emergency, rescue basis. Make no mistake about it. If you reject new increases in social security taxes, which most of us do, and you turn your back on this proposal, then you have committed yourselves by your vote to future benefit cuts in social security. If and when that sad day arrives, those who said "no" to this viable alternative, which was recommended 2 years ago by the Social Security Study Commission and supported by every Republican on the Senate Finance Committee, will have the responsibility to answer to the voters.

One further item: Yesterday, I put into the RECORD three letters I had received from organizations in support of this amendment. I now ask unanimous consent to have printed in the RECORD a fourth letter, from the National Council of Senior Citizens, dated October 13, 1981, addressed to me, signed by William R. Hutton, executive director. That organization endorses the amendment before the Senate.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF SENIOR CITIZENS,  
Washington, D.C., October 13, 1981.

HON. THOMAS F. EAGLETON,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR EAGLETON: On behalf of all Social Security recipients, we urge you to support two measures, H.R. 4331 and Amendment 531, to prevent a loss of benefits and to provide more secure funding of the Social Security system in the short term.

H.R. 4331, which would restore the Social Security minimum benefit eliminated by the Omnibus Reconciliation Act of 1981, would both restore income to recipients and patch a broken promise. It would enable recipients to retain the level of benefits for which the Social Security Administration declared they were eligible when they retired.

H.R. 4331 would preserve the level of benefits upon which recipients depend and to which they are entitled. To not restore the minimum benefit would be a clear breach of faith by the government.

The Amendment 531 proposed by Senator Eagleton is a positive step in the effort to meet the short-term funding needs of the Social Security system. By repealing tax breaks granted for newly discovered oil, this amendment would provide an estimated \$14.2 billion to the Social Security system. It would also provide a greater margin of safety and security to the trust fund than we now have.

We urge you to consider the million of elderly people who depend on their Social Security income. Please support them by supporting H.R. 4331 and Amendment 531.

Sincerely,

WILLIAM R. HUTTON,  
Executive Director.

Mr. DOLE. Mr. President, I shall speak briefly, because I know others want to speak. I should like to move on with this and other amendments and finish action on the bill early this afternoon.

There have been votes in the past about general funding of social security. I believe the record will indicate that most Republicans and many Democrats are opposed to using general revenues to finance the social security system, for two very good reasons.

First of all, it would violate a long-standing precedent whereby the employee and employer participate equally.

Second, we do not have any general revenues. That is why we are trying to figure out ways to cut the budget.

It is easy to stand on the floor and say, "Let us take it out of oil profits." I could say, "Let us take it out of somebody else's profits."

The fact is that a lot of people now receiving social security benefits may have worked in the oil industry. If social security action is going to hinge on what happened October 19, 1979, in the Senate Finance Committee, it is well to lay the committee amendment on the table right now.

Very seldom in our committee do we have partisan differences. I say that sincerely, because under the chairmanship of Senator LONG, we operated under more or less a consensus theory. I believe we pretty much do the same now; but in this one instance (October 19, 1979) we had a partisan difference.

In 1977, the Carter administration recommended—I am not sure how certain Senators may have voted—that we take care of social security by doing a number of things, including imposing

six tax increases on working men and women and their employers. That passed—not with this Senator's vote—in 1977. Two of those tax increases have taken effect, and four more are coming between now and 1990.

We were told by the Democrats, who then controlled the Senate, and by the President, who was then a Democrat, that this was how to save the system—to increase the taxes on the working people, on small businesses and on all the other people who pay social security taxes. We were told that if we passed that legislation, we would not have to worry about social security until the year 2030. In other words, we were going to have 50-some years without concerning ourselves about social security. There would be plenty of money for checks; and we would not have to worry about cutting the benefits or doing anything to the program in the future.

I believe that was well intended. I do not suggest that somebody said that knowing that something else would happen. But the fact is—that has not been the case.

So we are back here today—and I hope we will be back later this year, if not early next year, with real reforms—trying to patch up a sick system.

Now we see an effort to say, "Let us take some of this oil money." There is something about oil money, as I said yesterday, that starts the juices flowing for some in this body, particularly Senators from non-oil producing States and where they do not totally understand the industry.

But in any event on October 19, 1979, Senator ROTH was trying to freeze 1 year of that new tax that President Carter and the Democratic Congress gave us. One year of that tax he wanted to freeze. He said, "We cannot impose additional taxes on working men and women and on small businessmen and women."

In an effort to frustrate that vote, and I suggest that this is one of the rare times in the Finance Committee where we had a partisan difference, Senator Ribicoff moved to defer the vote on the Roth proposal and I moved to table the Ribicoff amendment. I prevailed by a vote of 10 to 8. Then the Roth amendment failed to pass on a 10-to-10 vote.

The Senator is right. Every Republican voted for the Roth amendment, so did two Democrats, and every other Democrat voted against the Roth amendment. This would indicate, I assume, that those Democrats who voted that way in 1979 will certainly vote against the Eagleton amendment today and, according to the Senator from Missouri, then those Republicans who voted for the Roth amendment should vote for the Eagleton amendment today.

But everyone knows that is specious and that the vote was a partisan maneuver on behalf of both sides, not just Democrats or Republicans. Both Republicans and Democrats were trying to seize the initiative on a very controversial, delicate area of social security.

So I think we can just set aside the so-called Roth amendment. Whether it was decontrol or windfall profits, it is

well understood that one way or the other it was funding social security with general revenues. It was the Republicans' purpose to indicate that we wanted to get a vote for one of our Republican colleagues. I do not believe that some of the Senators listed, even the two Democrats who voted with us, understood it in any other way.

I do not have any quarrel with the Senator's amendment except I just do not think it is a precedent we wish to set, certainly it will find support. It will find support among the media—if you mention oil they print headlines. It will catch the attention of the right people, maybe not the right people but people who write, put it that way, and maybe others who report. But as for the social security system, it does not do much for the social security system. As for the appropriations process, it does very little for the appropriations process.

I have said to my good friend, the distinguished chairman of the Appropriations Committee, Senator HATFIELD, "If you think you have problems now with appropriations, just wait till we give you social security from the Finance Committee. You start general funding of social security, and let us say this tax expires in 5 or 6 years and you have to find all this money, whatever it is, \$13 or \$14 billion in some other area, where are you going to go then?"

It seems to me to be a very dangerous precedent.

I cannot support the amendment. I stress that the Roth amendment was no precedent for what we seek to do here today.

Mr. EAGLETON proposes to repeal section 602 of the 1981 Economic Recovery Tax Act and divert that revenue into a special social security trust fund.

I might also add it is the first effort to dismantle the tax reduction package. There has been a lot of conversation about what we are going to do with the tax cut bill that just passed. I suggest we are probably going to do very little if anything. Some say we should defer the cuts on the personal side. Some say we should take a look at leasing. Some say we should open it all up. Some say we should forget about the third year or stretch it into 4 years.

Some of these arguments may be sound down the road. I doubt it. They may be sound, but certainly not at this point.

I think the facts are that the issue is whether or not we are going to adopt a fundamental change in the financing philosophy of social security. With this kind of fundamental change under consideration it is important to note that the Eagleton amendment is unlikely to deal with the potentially huge short- and long-term deficits faced by social security.

As Dr. June A. O'Neill, former chief, Human Resources Cost Estimate Unit, CBO, wrote in her article, "Future Financing of the System":

Reliance on transfers from general revenues could make it more difficult to keep program expansion within bounds.

J. W. Van Gorkom, president of the Trans Union Corp., puts his finger on one

of the most important reasons we should avoid general revenue financing:

In my opinion, this would destroy the system as we know it. Although the use of such funds might be modest to begin with, experience tells us that the temptation to use more of these funds would be overwhelming to a popularly elected Congress, and we would eventually reduce social security to another form of welfare.

I also indicate, as I did yesterday, it is not just the Republican position to stand up and oppose financing this system with general revenues, as you will note from the above comments.

I even daresay that as to some who may support this amendment because it happens to deal with oil, if we were talking about other general revenues produced in their States they would stand here in opposition. But I understand the greater attraction to some. If we are going to take it out of milk we might have a different response from New York. If we are going to take it out of something else we might have a different response from Ohio.

But I understand that three-letter word does attract a great deal of interest, I might say, that in the one supply side provision we adopted with reference to oil, lowering the tax on newly discovered oil, it would be a mistake to repeal that provision whether we are talking about social security or not.

Let me quote the former Democratic chairman of the House Ways and Means Committee, Al Ullman, who opposed use of general revenues to keep social security solvent. To quote Congressman Ullman:

We must maintain the integrity of the trust fund concept: when we increase benefits, we must also increase taxes. Imposing general revenues, even in part, would lead to a feeling of social security as welfare rather than a matter of payment and right.

The Congressional Budget Office, in its February, 1981, study on funding options for social security, accurately points out the fiscal danger of using general revenues for social security:

Finally, whether funds from outside the system were transferred on a loan basis or as outright grants, the inevitable effect of borrowing would be either a reduction in the amount of money available for other federal programs or an expansion of the deficit. In the past, the Congress has found it difficult to slow increases in expenditures, since a large fraction of federal outlays (including social security) are regarded as relatively "uncontrollable". If other federal programs are not cut accordingly, the federal deficit would grow, in turn triggering a rise in the price level. This could cause social security expenditures to rise still further. If such an outcome were to be avoided without other federal program cuts, the Congress might have to turn to other sources for social security revenues.

Use of general revenues would irrevocably change the essential character of the program. Pressure could become almost irresistible to emphasize the welfare aspects of the program, further undermining the link between tax payments and benefits.

Social security expenditures already account for 28 percent of all Federal expenditures. Allowing even limited infusions of general revenues will increase



that percentage and further expand that portion of the budget considered un-touchable and uncontrollable.

Finally, there is no doubt that any general fund financing could ultimately lead to unfinanced benefit expansions, could result in means-testing certain benefits—or even all benefits—and could only add to the size of the Federal deficit.

Adoption of the Eagleton amendment will only delay meaningful financing reform of the system.

Mr. President, I ask unanimous consent to have printed in the RECORD testimony by Dr. Robert Kaplan and an article by Robert Myers opposing general revenues.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

**TESTIMONY BY DR. ROBERT KAPLAN  
OPPOSING GENERAL REVENUES**

The infusion of general revenues to the social security system does nothing to address the substantial problems of unintended benefit increases that have crept into social security. General revenue financing would mask these problems.

More seriously, once the link was broken between benefit increases on the one hand, and the need to finance them with payroll taxes on the other hand, I believe the fiscal discipline of the social security system would be seriously compromised.

There are constant pressures to increase social security benefits and one of the few ways we have of continuing them is the link to finance these increases by increasing payroll taxes.

Having the opportunity of increasing benefits just by increasing the deficit in the Federal budget would not be a healthy development for social security and, more broadly, for the country at large.

**AN UPDATE ON SOCIAL SECURITY FOR THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS  
OPPOSING GENERAL REVENUES**

(By Robert Myers)

For more than four decades of operation of the OASDI system, it has been financed on a long-range self-supporting basis by equal employer-employee payroll taxes. The same situation also prevails for the HI system. In each of these programs, there have been some small amount of general revenues, but this has only been done with respect to small, closed groups of persons, such as military veterans. The supplementary Medical Insurance portion of Medicare has been financed substantially from general revenues (currently, about 71 percent of total income). However, this is a different matter, because no payroll taxes are involved, but rather only enrollee premiums.

Those who advocate partial general-revenue financing of OASDI and/or HI present many different reasons and justifications for such action. However, the real reason, in my opinion, is that this diverts criticism from what some believe to be the high cost and heavy impact of the current payroll taxes and those scheduled for the future, let alone those which would be necessary to finance expansion of the program.

At present, some seek to alleviate the short-run financial problems by financing part of HI from general revenues and diverting the resulting reduction in the HI tax to OASDI. This "doing it with mirrors" technique is "justified" on the ground that, because the HI benefits are not earnings related, but rather are uniform for all insured persons, it is inequitable to finance them completely by payroll taxes; the general reve-

nues are derived from various taxes, some of which are progressive (such as the income tax) and others of which weigh relatively heavier on low-income persons (such as corporation taxes, which are passed along in the price structure).

The net result quite possibly is that the financial impact of any general revenues is about the same as that of the payroll taxes. The big difference is that the payroll taxes are direct and quite visible. Injecting general revenues into the financing of OASDI or HI is, at best, misleading the American public as to the cost of the program. We should have sufficient economic maturity to display the cost of the program out in the open where all can clearly see it.

Even if the expansionists now say that their only goal in using general revenues is to do so for HI, I am certain that, in brighter economic days in the future, when OASDI is in better financial shape, they will be back advocating the same for OASDI. If this is done, benefits can be expanded apparently painlessly with no increase in the visible, direct payroll taxes.

A telling argument against the use of general revenues to finance partially OASDI and/or HI is that currently there are no general revenues available. The federal budget is, and for many years has been, in a serious deficit situation. Where will the money come from for the so-called government contribution? Will new taxes be levied, or will the federal budget deficit be increased? The latter merely means printing-press money with accompanying inflation.

Mr. DOLE. Mr. President, I have great respect for the Senator from Missouri. I just suggest that there are an adequate number of Democrats and Republicans who are going to focus on reform of the social security system.

I also say that one area we are not going to discuss very seriously is the use of general revenues. There is no support for the use of general revenues. To be able to say we are for it because it involves oil might be worth 25 or 35 or 40 votes, but I suggest if we were facing the question head on—

Mr. MOYNIHAN. Forty-one.

Mr. DOLE. I just heard 41, so maybe 41.

In any event, we get down to the question of true reform of the program. I am not certain just when that will take place. But I hope that it is before the 1982 election. Then we could certainly consider the use of general revenues and maybe even something along the lines suggested by the Senator from Missouri. I would not support that, but at least it could be considered. If we are going to start looking at general revenue funding we should look at all the general revenues. I wonder if the Senator is going to do this and if we do continue will we have a priority list of which programs we will cut? How do we make up the difference? So for the reasons stated, and I hope they will be persuasive in the final analysis. I hope that the Senate might reject this amendment. We must go ahead and pass this little band-aid to restore the minimum benefit for the most part, reallocate taxes, permit interfund borrowing. At least then we can assure those who now receive benefits that they are going to be protected through 1983, maybe even through 1984, with luck.

Sooner or later the beneficiaries in this country, the 36 million people who receive benefits, and the 115 million

working men and women who want to receive benefits in the future are going to insist that Congress stand up and do what we should do. Congress must stop backing away from this problem.

The Eagleton amendment is no way to approach the real problem we have in social security.

Mr. METZENBAUM. Mr. President, I listened with great interest to my friend from Kansas talking about the fact that there is some question about whether we should be dipping in to general revenues for the purpose of financing the social security system.

As I understand his argument, we have not done it before and therefore we should not do it now.

I think there is some value and validity to having consistency when we act in various ways in our Government. But I do not think that is sufficiently persuasive for us to fail to support the Eagleton amendment, which I am proud to be a cosponsor of, because it relates to a problem that zeroes in and touches so many millions of Americans.

I believe it provides an answer in a very fair and equitable way. I think if there are any words that have not been used much so far this year, they are the words of "equity and being equitable," "being fair," and "being just."

Now, it is a recognized fact that when the President made his speech on television on September 24, he stated that:

It was never our intention to take this support away from those who truly need it.

Now, the fact is, when you look at the record, when the Office of Management and Budget submitted its official list of cuts to Congress in April, it specifically provided for the elimination of the minimum benefit payment.

And on page 176 of the Blue Book, the OMB said:

The security trust funds can no longer afford these low priority payments.

As a matter of fact, on that same page it indicated that the proposed change was the following:

Pay social security recipients only their earned benefits, no longer giving an artificial minimum amount above their earned benefit.

As a matter of fact those of us who are in the minority have consistently opposed this cut in the minimum social security benefit. A number of Senators have offered amendments to add funds back. Senator RIEGLE, if my recollection serves me right, I believe that the distinguished Senator from New York, who is on the floor, Senator MOYNIHAN, and I think Senator CHILES have all addressed themselves to this issue.

On September 24, the same day that President Reagan went on television, the Senate, controlled by the Republican majority, voted against the motion by Senator CHILES to restore the benefit. The vote, after a good deal of arm twisting, was 46 to 44.

Now we see the Republican Senators turning around on this issue. And I am happy to see them turn around. I am happy to see that they have seen the light. But I would hope that they might also see the light in connection—Mr.

President, may we have order on the floor of the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. METZENBAUM. I would hope that they would see the light and undo the error of their ways which occurred when the tax bill was passed and in which was included these unbelievable giveaways to the oil industry.

The giveaways to the oil industry just did not make sense. I think the Nation was calling for a tax cut. And I do not think that most Members of Congress would really oppose a responsible tax cut. But there arises in these legislative halls either a sense of enthusiasm or a sense of being able to get all that is possible to be gotten.

I think it is timely that we refresh our recollection a little bit about the windfall profit tax. The fact is it was enacted when there was a Democratic Congress here. And in the very first tax bill that the Republicans bring forward, what do they propose? The bill comes out of the Finance Committee with a \$20 billion repeal of that tax, a giveaway to the oil industry for no reason whatsoever. And then some people come to the floor of the Senate and they recognize, "Hey, this is a heyday around here. Let's get going. If we can get 20, I think we can get a heck of a lot more."

And so they come to the floor of the Senate. The distinguished Senator from New Mexico offers an amendment to cut back an additional amount from the windfall profit tax. Then the distinguished Senator from Kansas says, "Well, if you are going to go part of the way, you may as well go all the way." If my recollection serves me correctly, he offered an amendment to the Domenici amendment, so that the total amount of tax benefits to the oil industry at that point would have been not only the \$20 billion in the bill, but an additional \$20 billion, as well.

Some of us felt that that subject merited extensive debate. And after a considerable amount of debate, an effort was made to table the Senator's own motion. As we all know and recollect, the motion to table barely carried.

That was a test vote to see whether or not we had sufficient votes on our side to continue the debate. When it was obvious that there were not going to be sufficient votes to cut off debate, the amendment was taken down and the Senate bill left this body with only the \$20 billion in it. And \$20 billion was not exactly hay.

The bill then went to the House. And again the oil companies demanded that they get their share, and a little extra as well. And when it got to the House and the President could not get the votes that he needed from some of the Democratic Congresspersons, if you please, he made a deal with them. He made a deal to give them \$26 billion more—\$26 billion more—of the windfall profit taxes, up to \$46 billion. And in the closing days of the session, in the conference committee, that was reduced to \$33 billion.

Now, the Senator from Missouri offers an amendment, which I and others have cosponsored, and we are saying, "Let's

take out of that \$33 billion, not all of it, just \$14.2 billion of it, something approximating 40 percent of it. Let us take the tax break on new oil—80 percent of which benefits the 50 largest oil companies. And let us use those funds, which never should have been repealed, to help the senior citizens of this country, to keep viable the social security system in this country and to help us in an effort to make this system as strong and viable as we all want it to be."

The social security system is critical to this Nation's credibility with its own constituents. The basic fact about the minimum social security benefits is the average payment is what? A pittance—\$122 per month. Three million people receive minimum benefit payments.

The people who really receive these benefits are very old people. Fully a million of them are over 75 and 25 percent are over 80 years of age. Almost 65 percent of the beneficiaries are elderly women. But who cares about them? Take away their minimum benefits.

These people do not want to go on welfare. They have paid their funds over a period of years into the social security system, and we owe them an obligation to give them the minimum benefit in order to retain their pride and to fulfill our promise.

Cutting the minimum benefits would add costs to other programs in supplemental income and in medicaid. As a matter of fact, it should be noted that less than one-half of the dollars would actually be saved.

The realities of the situation are that the Eagleton amendment should be passed. It makes good sense. It imposes no burden on the oil industry.

Everyone in this country recognizes the oil industry is not hurting. This is not an additional tax on the oil industry. This is the windfall profit tax that was enacted by the Congress as a condition to the President having decontrolled the price of oil. It was part of the deal. But then in the first Republican administration to get control of the Senate, in the first tax bill that they have an opportunity to act on, they zero in and reduce those taxes by \$33 billion.

Now we are asking to take back \$14.2 billion, approximately 40 percent of that \$33 billion. We are asking for a repeal of the tax break on new oil—a tax break that overwhelmingly benefits the major oil companies. They never should have gotten that break in the first place. We are asking for this repeal for a justifiable, a reasonable, and a just cause. I think the Eagleton amendment should be adopted.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. EAST). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I support and intend to vote for the Eagleton amendment. The general thrust of the

Eagleton amendment is similar in purpose to an amendment I offered in the Finance Committee 2 years ago when the windfall profit tax was first considered.

However, as the distinguished chairman of the Finance Committee pointed out, my amendment, offered in October 1979, did differ in specifics with the Eagleton amendment. At that time, I proposed to use part of the additional revenues generated by the decontrol of crude oil prices to fund the hospital insurance fund. The amendment also would have postponed the scheduled increase in social security taxes for 1981. My amendment proposed to freeze the social security tax rate and the wage base to pre-1981 levels for 1 year.

Earlier in the debate in committee, I indicated my intent to use not only decontrol revenues but also part of the windfall tax itself for the social security system. However, the amendment finally proposed and voted on in committee involved only decontrol revenues. The amendment was defeated on a tie vote of 10 to 10, with 8 Republicans and 2 Democrats voting for it and 10 Democrats voting against it.

And so I say to my colleagues on the committee, whether you voted for or against my amendment in 1979, I do not believe they should be constrained by their vote on that amendment.

But let me make it clear that I will vote for the Eagleton amendment. As early as 1977, I first proposed to use energy taxes to help fund the social security system.

When the Carter administration introduced the first severance tax proposal on oil, the so-called crude oil equalization tax or COET, I proposed to use part of the revenues from the tax to fund social security. The proposal was defeated both in the Finance Committee and on the Senate floor. But it established the groundwork for my later proposal relevant to the windfall profit tax.

In short, I started down the road that Senator EAGLETON is traveling on more than 4 years ago. It was a lonely road at the time and I am therefore gratified to see so many converts joining with me today in support of the concept of using windfall oil revenues for social security purposes.

As I said to the distinguished Senator from Missouri last month during the debate on the debt limit bill, if he had been a member of the Finance Committee in 1979 my amendment might have carried the day. I welcome his support today and urge my colleagues to join with us in voting for the amendment.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I think the Chair.

Mr. President, I rise briefly to state my support for the amendment of the Senator from Missouri and to say that during the Finance Committee's deliberations of the bill now before us I offered substantially the same amendment. It failed of adoption in the Finance Committee. It may be that on further considerations the larger group in the Senate will approve it today. I hope they will.

This will give us \$11.76 billion in the

years 1982 to 1986. Those are the figures that my proposal also envisaged. It seems to me it is very much in the range of the possible shortfall that could occur, given very bad breaks in economic development.

Remember, it is all money in the Treasury and surpluses in that sense, are fungible. If this money were not needed, it would on paper offset deficits elsewhere. If it turned out it would be needed, then Congress to do what it should do, to provide from general revenue funds.

The distinguished Senator from Delaware has just indicated that he, who is not noted for his extravagance in these matters, has been advocating such a proposal all along.

For the record, and for those in the Chamber, I would like to make a simple point. That is that when the windfall profit tax was adopted, the conferees, and I was a member, set aside 25 percent of the anticipated revenues of the fund over the period of the tax, over the period of its life, for low-income assistance.

It was further provided that, should the revenues from the fund reach a higher level than anticipated in the early years, this assistance should, in fact, be 33 percent.

The 25 percent was to be divided, in turn, between assistance to recipients of the aid to families with dependent children and supplementary security income and a program of emergency energy assistance for other low-income persons.

This money is now being collected and it is in a special fund in the Treasury. In fiscal 1981, some \$3.1 billion was put into that fund. In the present fiscal year, the Congressional Budget Office estimates \$3.69 billion will be put into that fund. It will be running up to \$5 billion, maybe more.

Not 1 penny of this money has gone to the purpose that the law designates. Not a nickle of the windfall profit tax has gone to beneficiaries under the Social Security Act. I make the point that the AFDC program and the supplementary security income program are part of the Social Security Act.

The windfall profit tax had a quarter of its revenues allocated to these purposes but none has gone.

The amendment of the Senator from Missouri does not more than follow the precise intent of the windfall profit tax and instead of repealing the tax, as we did in July, allocates a portion of it to an excellent purpose, one along the line of Congress original intent.

In my view, Mr. President, this is a legitimate use for that money.

Mr. President, there is one last thing that I feel I have to bring to the attention of the distinguished Senator from Kansas.

It is alarming to me that he has not revealed to the body what in fact I have every reason to believe he knows: That in the new parlance of the administration we no longer talk of tax increase. We talk of revenue enhancement. Revenue enhancement, as Mr. Stockman put it before the Budget Committee this morning.

This would be a form of revenue enhancement. Tax increases are bad but revenue enhancement is good.

Shall we do it again? Tax increases are bad but revenue enhancement is good. This is revenue enhancement.

Think positively as you will have to on more than one occasion in espousing more than one such enhancement on this floor before this fiscal year is out.

Our distinguished colleague from Delaware, a man noted for his forward-looking views about the possible uses of revenues, will join us in this matter.

I thank the Chair and I congratulate my friend from Missouri.

Mr. EAGLETON. Mr. President, I have about 3 minutes of remarks and then I am prepared to vote, if that be the desire of the Senate.

Mr. President, my amendment has three motivations behind it.

Motivation No. 1, the self evident motivation, \$14 billion taken out of the corporate treasuries of the oil companies and put into the social security system. Fourteen billion dollars is a not significant amount of money and it would help the Social Security Trust Fund to have that kind of an addition.

Motivation No. 2 was to rectify a giveaway that was part of the 1981 tax act and to undo part of that giveaway, to recapture \$14 billion that should not have been given away in the first place.

Motivation No. 3 is a motivation of which the Senator from Kansas accused me, and to which I plead guilty. It is my endeavor to begin the dismantling of the 1981 tax act.

Mr. President, the 1981 tax act is a millstone around the neck of this country. That is not just the observation of TOM EAGLETON, lawyer from Missouri. That is the observation of perhaps the most singlemost respected, the singlemost distinguished, the singlemost listened to economist in the United States, Henry Kaufman. When Henry Kaufman speaks, E. F. Hutton listens.

Henry Kaufman has been speaking loudly and clearly since April 22 of this year when he gave his now famous market rattling speech before the National Press Club. Five days later, on April 27, 5 days after his speech, the market peaked, Dow Jones at 1024, and it has been downhill since then, with the most serious depression in the market occurring during the month of August, during the month immediately following the President signing the tax bill.

Henry Kaufman spoke again this Monday. Let me quote a portion of Henry Kaufman's speech in the press account of it from the New York Times.

Mr. Kaufman again criticized President Reagan's three-year tax cut package, which, he said, was responsible for the United States Treasury's huge cash needs. He estimated that Treasury borrowings of up to \$65 billion in the next six months and \$85 billion in the next fiscal year ending September 30, 1982, would put upward pressure on interest rates in every maturity. "A noose is now tightening around the credit markets," Mr. Kaufman, said.

I ask unanimous consent that the press account of Mr. Kaufman's speech as carried in the New York Times and the

Washington Post be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EAGLETON. Mr. President, if the 1981 tax bill remains in full force and effect as now written between now and the year 1984, you can kiss goodbye any remote notion, even the most far-fetched notion, of a balanced budget by 1984. It is impossible, and Henry Kaufman knows it, Wall Street knows it, and even more and more corporate America, originally accelerated by the 1981 tax act but now seriously disturbed at the revenue drain created by that bill, the worst legislative abomination in the history of the U.S. Senate, knows it.

That is a strong statement, Mr. President, considering that an awful lot of abominable things have come out of this body through the years. But nothing in modern history will do as much to kill this American economy as the 1981 Tax Act. A \$750 billion revenue drain over the next 5 years, as Mr. Kaufman points out, insures continued deficits of staggering amounts and insures high-interest rates as the only throttle to stifle those deficits.

Kaufman predicts that interest rates will climb to 24 or 25 percent and that they will remain at unacceptably high levels throughout the lifetime of that tax cut, especially the next 5 years thereof. Then he points out that when you factor in indexing—that was contained in the act, to take effect in 1985—and index Federal payment—social security, military retirement, civil service—on the upside going out and index tax revenues on the downside coming in, that insures Federal deficits into perpetuity, everlastingly, forever.

So this is my third motivation on this vote, Mr. President. The first, as I said, is to help the beleaguered social security trust fund. The second is to recapture moneys taken out of the Federal Treasury and put in the treasury of Mobil, Texaco, Exxon, Conoco if it is still alive, and to capture back that which unjustifiably and unjustly enriched the oil companies.

Third, and by no means least, is the dismantling, at least the partial dismantling, of the 1981 Tax Act. I know, from talking to my colleagues on the Republican side as we whisper in each other's ears riding over on the train or hanging around the periphery of the Senate Chamber, many of them have stated that there was overkill in the 1981 Tax Act; that when the President of the United States and the chairman of the House Ways and Means Committee, Mr. ROSTENKOWSKI, got in the unholyest of unholy bidding wars and when they started giving away sweeteners and played the old radio game of "Can You Top This?", when they threw in the sweeteners for thoroughbred racehorse votes and when they threw in the oil to get the comfort of the oil State Senators in Congress, and when they threw in this and that to get this group of gypsy moths or that group of boll weevils or whatever clique they were trying to

pander to, the net result of what they did, Mr. President, was to give away the U.S. Treasury.

That bill, in essence, eliminates corporate income taxes about 3 years out. That bill, in essence, eliminates Federal inheritance taxes for all practical purposes 3 years out. And, rest assured, more evil is yet to be done. Because they only gave to the oil companies \$33 billion. That is all they could get their mitts on at one time. But rest assured, there will be other tax bills with other gimmicks, with other sweeteners, with other bidding wars. Then they will try to grab the whole darned bundle of the windfall profit tax.

That bill is a millstone around America's neck and it is a millstone around the neck of President Reagan and the Republican Party. They have painted themselves into a Catch 22 from which they cannot extricate themselves. And the time will come—this may not be the time and the hour when we begin the dismantling process but, as certain as I am standing here, some time during the Presidency of Ronald Reagan, he will have to come back to this body and say the Federal Government has to have more revenue.

Senator MOYNIHAN refers to it as revenue enhancement. By whatever name you want to call it, it is more money going into the Treasury, it is more taxes acquired in some form, way, or shape. And he will have to come back because when this year's deficit, projected by the President at \$42.5 billion, comes in at \$60 to \$70 billion-plus, and when the net deficit is way out of range and when 1984's deficit approaches \$100 billion, then the President will have to admit that that which he signed with great glee and acclaim in early August of 1981 has inflicted grave economic pain on this country and has created these intolerably high interest rates that are wiping out middle- and small-sized businesses and farmers by the hundreds—every day, every week, every month.

It is in the same prediction that if you look at the last quarter of this year, calendar 1981, the rate of bankruptcies will be double what they were the last quarter of calendar 1980, and the same prediction for the first quarter of 1982 vis-a-vis the first quarter of 1981.

Mr. President, I plead guilty to the Senator from Kansas. I do have a motivation over and above trying to get these moneys into the social security system and trying to get them back from the oil companies' treasuries. If this amendment carries, then this Senate goes on record as saying we know we made a mistake in the 1981 Tax Act and we ought to begin now to rectify those mistakes and take this noose—those are the words of Henry Kaufman—take this noose off the American economy.

So, Mr. President, I hope that my colleagues will support this amendment for all three motives that I have espoused. If you only like two, vote for it because of two. If you only like one, vote for it because of one. But vote for it in any event, because it is an amendment that could have some significant ramifications in trying to get this country out

of 18 percent prime and try at least to give some small- and middle-sized businesses a chance to survive.

#### EXHIBIT 1

[From the Washington Post, Oct. 13, 1981]

**KAUFMAN: REAGAN POLICIES WILL DO MORE HARM—ECONOMIST CITES EFFECT ON CREDIT**

(By James L. Rowe, Jr.)

NEW YORK, October 12.—Henry Kaufman, the highly respected Wall Street economist whose dire predictions have vexed the administration, said today that President Reagan's policies will weaken the nation's credit system further and "in turn, our economy will experience a greater deterioration."

Kaufman, chief economist of Salomon Brothers Inc., said under current conditions, "we must regard it as an achievement if our economy continues to sputter and spurt," lurching from recession to recovery, but with a sustained period of economic growth or lower inflation and interest rates.

"To expect more would be downright unrealistic," Kaufman said in a speech here to the Financial Executives Institute. The Reagan administration has been angry that Wall Street—as evidenced by a declining stock and bond market—has not been more enthusiastic about the Reagan administration's economic policies.

But predictions of continuing inflation and high interest rates by economists like Kaufman have made investors wary about the future. They worry, like Kaufman does, that budget deficits will be higher than the President wants and predicts and that the resulting Federal borrowing will crowd out private companies from the debt market.

Meanwhile, the chief economist for the Conference Board, a research group sponsored by business, said the second U.S. recession in as many years appears to be under way.

Albert T. Sommers said the recession was triggered by high interest rates, but that once a progressive weakening in the economy has started, it "runs on its own internal energies. Even reversals in the originating causes—in this instance, a reversal into a significant decline of interest rates—are unlikely to have much effect for a considerable period."

Sommers, in a biweekly letter, noted the sharp increase in unemployment in recent months—it increased from 7.2 percent in August to 7½ percent last month—as evidence that a recession is under way. But he said there is no reason to think an economic slowdown need be "severe or prolonged."

The tax cut, which earns Kaufman's criticism, will help moderate a slide. The reduction, Sommers said, "which appeared far too large in the circumstances of just a month ago, will look a lot less undesirable as recession proceeds in the fourth quarter."

Kaufman's scenario, which he calls a Catch-22 situation, is one of conflicting policies that will result in successive recessions and halting recoveries. "Escapes, if any, are very few and hold real problems . . . In today's predicament, as in all Catch-22 traps, the best-intended decisions may produce the wrong results; measures of relief for some may produce unanticipated pain for others."

Kaufman has been a persistent critic of President Reagan's policy of trying to achieve budgetary balance by cutting civilian spending and relying upon a tight monetary policy while at the same time sharply boosting defense spending and lowering tax rates.

The high interest rates that have made it so difficult for the economy to resume a steady growth after last year's brief recession are in large part the result of the stringent policies maintained by the nation's central bank, the Federal Reserve, which has tried to slow the growth of money in the economy by making it both expensive and scarce.

There is a conflict between tight money and loose budget policies, Kaufman said, that has resulted in difficult problems for everyone needing credit. Long-term financing is difficult to obtain and is expensive, forcing already strapped companies to borrow their money for months at a time rather than years.

State and local governments are having a hard time selling their bonds, while banks, although seemingly faring well, are not in good shape for the long haul. Housing construction has sputtered to a standstill. Auto sales are sluggish.

The widely followed Wall Street economist said the recent slowdown in growth of one of the key monetary targets (called M1-B) that the Federal Reserve tries to influence, may convince the central bank to ease up on its policies and that as a result short-term interest rates might fall for a while.

In recent weeks the Federal Reserve has appeared less hard-nosed about its policies, and a key interest rate, the so-called federal funds rate, has dropped from the 16 percent range to less than 13 percent. As a result, the prime lending rate has dropped from 20 percent to 18½ percent at many major banks.

Kaufman said he anticipates the prime rate, the key banking rate for short-term loans to businesses, will fall to 16 percent or 17 percent soon, but that rates will climb after that when the Federal Reserve finds itself forced to tighten its purse strings again.

Kaufman said that he agreed with Reagan that defense expenditures need to be increased. However, Kaufman said, then "the tax cut should have been viewed as a discretionary decision and would have been prudent only if the resultant budget were in reasonable balance."

[From the New York Times, Oct. 13, 1981]

**KAUFMAN SEES NEW HIGHS FOR RATES**

(By Michael Quint)

Interest rates will rise to new highs in the next six months, Henry Kaufman, a prominent Wall Street economist, warned financial executives here yesterday.

In the stock market, which was open for trading during the Columbus Day holiday, Mr. Kaufman's forecast made some traders nervous, even though it was not fundamentally different from the one he has been making all year. Trading volume was light, and the Dow Jones industrial average fell 3.52 points, although, over all, gaining stocks slightly outnumbered declining stocks. [Page D12.]

In the previous two weeks the Dow average had increased almost 50 points on the expectation that interest rates would continue their recent decline. Mr. Kaufman, the chief economist at Salomon Brothers, an investment banking firm, predicted that those declines would last for several weeks but not through year-end.

In the weeks before Mr. Kaufman's speech to the 800 ranking corporate financial officers attending the Financial Executives Institute's 50th annual conference at the New York Hilton Hotel, the financial markets have occasionally been buffeted by rumors that he was about to change his fundamental interest rate forecast. For several years Mr. Kaufman has been one of Wall Street's most respected voices on interest rates, and his prestige is now especially high because he was one of the few economists who correctly foresaw this year's economic resilience and higher interest rates.

#### SPUTTERS AND SPURTS

In his speech yesterday, Mr. Kaufman said heavy demands for short-term credit would continue in an economy characterized by "sputters and spurts." Along with John F. McGillicuddy, the chairman of Manufacturers Hanover Trust Company, who followed

him in yesterday's program, Mr. Kaufman warned the assembled treasurers and financial vice presidents that the nation's credit markets were strained and could be the source of unpleasant surprises.

In coming weeks, Mr. Kaufman said, long-term rates could come down "a bit," while the bank prime rate might fall to 16 or 17 percent as overnight rates for loans in the Federal funds market drop to 12 percent or 13 percent. Currently, the prime rate is 18½ or 19 percent, while Federal funds have been trading mostly between 14 and 15 percent. By the last half of this quarter, however, Mr. Kaufman said interest rates might turn up as the money supply begins growing rapidly and the Fed starts making credit less available.

Mr. Kaufman's comments come at a time when corporate treasurers and investors are perplexed and alarmed by the persistence of high interest rates. Short- and long-term rates have dropped recently, but so far the declines have not been great enough for many industrial companies to sell long-term bonds and repay their mounting short-term debt.

Today's schedule for the conference, which lasts through tomorrow, includes presentations by Alva O. Way, president of the American Express Company, and John S. E. Shad, chairman of the Securities and Exchange Commission Tomorrow, Felix Rohatyn, partner at Lazard Frères & Company, is scheduled to talk about bankruptcies and bailouts.

Commenting on the recent decline in rates, Mr. Kaufman said after his speech that "the Federal Reserve is trying to avoid a recession and has a better-than-even chance of doing so." However, in his speech, he made it clear that success in avoiding a recession raises the risk of "more dangerous economic and financial consequences" as borrowers rely excessively on short-term financing from banks or the commercial paper market.

Mr. Kaufman again criticized President Reagan's three-year tax cut package, which, he said, was responsible for the United States Treasury's huge cash needs. He estimated that Treasury borrowings of up to \$65 billion in the next six months and \$85 billion in the fiscal year ending Sept. 30, 1982, would put upward pressure on rates in every maturity.

"A noose is now tightening around the credit markets," Mr. Kaufman said, adding that the time was nearing when it would choke other sectors of the economy in addition to housing.

Mr. Kaufman stressed that the financial markets were faced with a welter of paradoxes that would cause problems despite the best intentions of economic policy makers. He described several "Catch 22" situations in the financial markets.

For example, the tax-exempt savings certificates will strengthen savings institutions, he said, but "will have adverse market repercussions," as certificates means less money is available for financing short-term business loan demands. Likewise, he said accounting changes that make it easier for thrift institutions to sell devalued securities could mean extra pressure for lower prices and higher yields.

Besides warning of the perils facing the financial markets, Mr. Kaufman offered several suggestions to economic policy makers during and after his speech. The executive branch of Government, he said, might scale back the tax cuts, look for ways of spending less on defense and "enforce competitive wage and price agreements" next year.

#### MORE FLEXIBLE FED

The Federal Reserve, Mr. Kaufman said, should be more flexible in putting monetary policy into effect. He said the Fed should consider ways of regulating the flow of credit in the economy, perhaps by imposing

marginal capital requirements on financial institutions and encouraging longer maturities.

"If we can sputter and spurt for a few years without undermining the credit markets," Mr. Kaufman said after his speech, then the big military spending will be behind us and the energy problem will be less. "Perhaps then we can realize the underlying strength of the economy," he concluded.

Some of Mr. Kaufman's sternest warnings were reserved for business financial practices, which have evolved into an "unprecedented" reliance on short-term borrowing rather than bond or stock financing, he said.

Mr. McGillicuddy of Manufacturers Hanover echoed some of Mr. Kaufman's warnings. He said that Paul A. Volcker, chairman of the Federal Reserve Board, was concerned enough about the low capitalization of large banks that it "might well mean that large banks will be coming under growing pressure to restrain their lending activities."

After his speech, the New York banker said, "I was impressed that Mr. Volcker put such emphasis on the capital issue," although so far the Fed "has not been jawboning the banks to cut their lending." He said that "corporate treasurers who do not have firm bank lending agreements in place ought to be thinking about it."

Concerning interest rates, Mr. McGillicuddy said that "rates will be very sticky on the downside," especially the bank prime rate where more of the once-low-cost consumer deposits are being shifted into high-cost tax-exempt savings certificates or six-month money-market savings certificates.

"I see little in the outlook that would trigger another inflationary spiral" Mr. McGillicuddy said, adding that interest rates would decline gradually as the Reagan Administration convinced investors that it was moving toward a balanced budget.

**Mr. KENNEDY.** Mr. President, I rise in support of the amendment of the Senator from Missouri. I agree with the Senator that this amendment provides an unprecedented opportunity for the American people to test the priorities of this body.

We have a choice—vote for big oil or vote for social security. This amendment will not affect royalty owners, heavy oil, or any of the special categories of exemptions from the tax specially designed for independent producers. It only affects new oil production.

New oil production is heavily dominated by the big oil companies. According to the annual oil and gas survey of the Commerce Department, the top 50 oil companies own 82 percent of all crude oil production. These big oil companies receive 80 percent of all crude oil revenues. They control 74 percent of all oil and gas field properties, and, most importantly they control 94 percent of all offshore properties which will be the source of almost all the big new oil finds.

The President of the United States addressed the Nation just a few weeks ago and asked for cuts and belt-tightening in education for the children of this country, in cutting back programs that will affect the elderly, on immunization programs that will protect the health of the American people. Tighten the belt, he told all of those individuals.

Now, on this vote on the Eagleton amendment we are going to ask the oil industry to tighten its belt just a little bit, too.

The question I must ask is how de-

pressed is the oil industry compared to the rest of American economy? Merrill Lynch, not known to be a Democratic organ, makes this assessment in their spring report of the American petroleum industry. They state:

Given these high oil prices (\$32 per barrel after windfall profits taxes) and natural gas (97 per MCF for deep gas) prices, new oil discoveries can recover all costs in six to nine months, while deep natural gas discoveries can pay out in less than 12 months. This compares with three to five year payouts prior to the OPEC price increase in 1974. Such payouts probably make the oil exploration business more profitable than any other segment of American industry.

Now I would like to point out to my colleagues that it was Merrill Lynch's assessment that "new oil discoveries"—that is new, not old oil—can recover all costs in 6 to 9 months.

I have heard a great deal about how new "incentives" are needed. In the last year we have all heard about the new Republican economics. Now we also have a new Republican linguistics—a tax loophole for anyone else is an "incentive" to the oil companies.

I would like to ask my colleagues—do the oil companies need more incentives to find oil when a new oil well with the windfall tax will pay back in 6 to 9 months?

Obviously they do not. Let me give you an example. The press has been filled with reports on the overthrust belt. These reports have told about how risky and how expensive it is to explore in this area. What they have not emphasized is that some of these fields were worth developing even with much lower oil prices. Let me quote David Work, exploration chief for Standard Oil of Indiana.

Even if oil prices were appreciably lower than they are today, (this field) would have been well worth developing. This field is a giant among giants. It's the biggest thing in the United States since Prudhoe Bay.

Now it is also argued that the windfall tax on new oil is depressing exploratory drilling efforts. That is a preposterous claim in light of the huge increases in exploratory drilling that have occurred since the windfall profit tax was passed.

Let me quote from Petroleum Independent, the magazine of the Independent Petroleum Producers Association:

More encouraging than the general activity gain is the fact that pure exploration—the drilling of new field wildcats—is 30 percent ahead of last year and that, despite the increase, 13.7 percent of all new field wildcat completions resulted in some sort of discovery.

So more tax loopholes are not only unnecessary, they are a waste of the taxpayers' money.

Two months ago on the Senate floor I moved to recommit the 1981 tax legislation because it was my conviction that it was unsound energy policy and unfair tax policy to give away tens of billions of dollars in new oil tax loopholes. I believed that by increasing the exemptions from the windfall profit tax we were breaking a solemn promise to the American people.

When we decontrolled the price of oil, we promised the American people that



we would at least recover 50 percent of the windfall tax. But the tax bill we passed in August cut the windfall revenue by 15 percent—almost \$12 billion in revenue between now and 1986 and about \$33 billion over the decade.

Since that ill-considered legislation was passed, it has become clear that the deficit in 1982 will be billions of dollars more than originally expected. These new estimates are causing many to rethink their position on that legislation. In that context, I believe it is important to understand how new oil tax breaks were enacted last August.

Even though the President, as a candidate, had stated his unequivocal opposition to the oil windfall tax, he requested no changes in the windfall tax in his economic recovery tax package.

The scores of special interests who wanted special tax relief were promised that a second tax bill would follow. The administration counseled those special interests that revenue for new special tax relief would be produced by renewed economic growth.

Virtually every special interest heeded the President's advice—except one—the oil industry. In its greed it demanded—as a price of its support of the tax package—billions of dollars in tax relief.

It demanded this relief despite the fact that oil decontrol and OPEC had combined to produce one of the greatest transfers of wealth in the history of the world—all in one direction—from the pocket of the American consumers to the coffers of the oil companies. The Klondike gold rush looked like pocket change in comparison. The oil business—in all its elements—has become immensely profitable. From 1956 through 1972 oil industry profits rose at an average of 2.6 percent per year. Then, from 1973 through 1980, the industry's soared to 20.8 percent a year—almost 10 times more profitable than the previous 16 years.

During the same period that oil profits were advancing at this incredible rate, the growth in personal income was one-third less than from 1956 to 1972. Let me quote the senior economist at data resources:

You have a huge increase in profit growth for the oil industry and a sharp decline in real personal income. That shows the clear shift of wealth.

In spite of a tenfold increase of its profits, in spite of the fact that the oil industry is 12 times more profitable than the rest of American industry, it demanded and received special tax relief.

Now as the cool winds of fall are replacing the heat of August, the administration is being forced to face the cold economic facts—in the words they have so often thrown at us Democrats—that there is no free lunch—that they cannot drastically cut business taxes and begin the most massive arms buildup in human history—and also balance the budget. Not voodoo—not black magic—not astrology can repeal second grade arithmetic.

And so now the President has proposed increasing taxes by ending special tax breaks. I say let us take him at his word. Let us repeal the oil tax giveaways

that were conceived in political expediency and enacted in irresponsible haste.

One of the principal reasons that the deficit will be so high is that over the next 5 years those oil tax breaks will give away \$11.8 billion in windfall revenues and \$33 billion over the next 10 years. I said at that time that it did not make sense to me, and I do not believe it makes sense to the American people, to cut school lunches, student loans, transportation for the blind and handicapped at the same time we were increasing by billion of dollars the loopholes for windfall profits for the oil companies.

As I have already pointed out, most new oil is discovered by the big oil companies. But, I still hear pleas that we must oppose this amendment because it will hurt the independents.

I think my colleagues should also understand that these independents that we are trying to take care of and protect are many, many times larger than the average U.S. company. In fact, the income of the average oil and gas company in the United States was 12 times larger than the income of the average U.S. company for the most recent year. But, of course, my colleagues have argued, "Well, we're not talking about the average company because that data is skewed by the fact that there are some very rich, big oil companies." They argue: "We're talking about exemptions for those small guys, the small entrepreneurs that are out there—those individual, one owner companies."

Well, I have also looked at the tax data for those companies. Those small one-owner oil companies are 2½ times more profitable than the average small American company—2½ times more profitable. It is hard for me to understand why we need to give those companies more exemptions from the taxes when they are already 2½ times more profitable than anyone else. But that was the justification for the billions we gave away.

In summary, I support the efforts of the Senator from Missouri to end special tax breaks for the oil companies that are 12 times as profitable as the average American business.

I believe it is unfair to the millions of elderly Americans to threaten cuts in social security benefits when we are giving tens of billions to the oil companies.

I urge support of the Eagleton amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that a letter by the Commissioner of Social Security, Mr. John Svahn, be included in the Record. It expresses the administration's opposition to the use of general revenues for the financing of social security.

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE COMMISSIONER  
OF SOCIAL SECURITY,

Baltimore, Md., October 1, 1981.

HON. ROBERT J. DOLE,  
Chairman, Senate Finance Committee, U.S.  
Senate, Washington, D.C.

DEAR SENATOR DOLE: As you know, there have been several suggestions from within and without the Congress that general rev-

enue funds (income, windfall profits and excise tax) be either appropriated or "loaned" to help resolve the financing of the Social Security Trust Funds.

This is to repeat for the record this Administration's strong opposition to any such action. Our position is grounded on two primary issues:

First, the infusion of general revenues into the Trust Funds by any mechanism would break the 46-year-old discipline of the Trust Funds which has, to date, ensured that the Congress, Social Security beneficiaries and taxpayers alike are kept mindful that visible, earmarked payroll taxes must be equated with a benefit structure those taxes are intended to support.

We believe that to break that discipline would ultimately lead to breaking other long-standing principles of the Social Security system, including the most basic principle of all: that Social Security is an earned benefit that a worker is entitled to regardless of his or her level of retirement income. The infusion of general revenues would inevitably lead to intense pressures to require retirees to undergo means testing, in effect converting Social Security into a welfare program.

Second, at a time when we are facing a deficit of more than \$40 billion in the current fiscal year, there simply are not general revenues available to earmark for Social Security or any other program.

Thus any general revenue dollar diverted to Social Security would have to be taken from some other program or directly from the taxpayers' pockets in increased general taxes. Short of deepening the deficit, there would be no other choice.

We fully share with you and other Members of the Congress the conviction that we must act soon to ensure that the Social Security system is restored to solvency and to the high level of public confidence that the system has historically earned.

But we strongly hope that you share our equally deep conviction that whatever steps we may take toward that end must not lead the system ultimately astray as would be the case where we to abandon the discipline of the Trust Fund principle.

Sincerely,

JOHN A. SVAHN.

● Mr. WALLOP. Mr. President, the amendment under consideration would take us on a dangerous course. The proposal is to provide funding for the social security program out of Federal general revenues. Passage of this amendment would create an illusion of security. Social security would be no more solvent after passage of the amendment than beforehand. The only difference is that a mythical entity known as general revenue would supposedly protect the program from bankruptcy. It is an act of bad faith by those who portray themselves as true defenders of social security. There are no general revenues for social security, or for any other purpose. That is why we have had to cut the growth in Federal spending this year. The Treasury is not only empty, it is in the red.

The proponents of the amendment argue that they will increase general revenues by increasing the tax on newly discovered oil. But, even their own economic assumptions predict that the tax will collect about \$14 billion over the next few years. The projected short-range social security deficit is anywhere from \$11 billion to \$111 billion. The \$11 billion figure, which is close to the revenue pickup through the amendment, is based on the most optimistic assump-

tions that could be made about the economy. No one accepts this prediction.

The \$14 billion will not keep social security solvent. But, it is a means to open the door to further general revenue financing for social security. Since the budget is in deficit, we would have to turn on the printing presses. The result is more inflation and lower real economic growth.

I should also point out that the assumption that the tax will raise \$14 billion is overly optimistic. Every revenue assumption regarding the windfall profit tax has been too high. The tax is an erratic source of income, and it would be irresponsible to rely on such an uncertain source of revenue to protect retirement benefits.

When the Committee on Economic Security drafted the original Social Security Act, President Roosevelt rejected any suggestion that general revenues be used to finance the program. He insisted that the program be self-financing. This principle has been maintained for the past 45 years. The last time the Senate voted on using general revenues was in 1967, and the motion was defeated by a vote of 62 to 6. The Congress will consider proposals next spring on preserving the financial stability of social security. We will develop a sensible program at that time. This is not the time to try to use nonexistent general revenues for the social security program.●

Mr. DOLE. Mr. President, I understand the Senator from Missouri has no more requests for time on that side. In about 2 minutes, I shall move to table the amendment.

Mr. MOYNIHAN. Will the Senator from Kansas allow me just 20 seconds, to observe that the revenue enhancement language is that of the Director of the Office of Management and Budget. I reported it to this body as having surfaced, as they say, at about 11:30 this morning. I am sure we shall see more of enhancement.

Mr. DOLE. Mr. President, it is a term that has been around a while, but I am sure we shall see more of it—at least the term.

Let me say finally that I heard this same speech from the Senator from Missouri about the race horses. That amendment came from that side, I might add. We tried to work it out; I thought it had some merit.

Mr. President, the Senator from Missouri is honest in his convictions. He voted against tax relief for the American people. The vote was 89 to 11; 11 Members out of 100—10 voted with the Senator who voted against tax relief for the American people, against tax relief for American business. It is easy, on the 15th day of the program—it did not take effect until October 1—to stand on the Senate floor and cry gloom and doom. We are working our way out of the Carter years. It takes a little time. You cannot do it overnight. What President Carter did in 4 years, makes the recovery process slow. We are doing the best we can. We can wrap this debate in oil and we can all cry together, but sooner or later, we are going to have to address the problem of social security.

Mr. President, I am going to continue to press for efforts for more oil drilling in the State of Missouri. I think that is the only thing in this bill, to discover more oil in Missouri and a few other States. But in the meantime, we are going to continue to send you enough oil to keep you warm in winter, or to keep the automobiles running in Missouri. We are not going to suggest a tax for all the automobiles produced in Missouri. We are going to suggest a tax on coal that may be produced in other States. In Kansas, we have this great oil production. The average is three barrels per day for each well.

Mr. LONG. Will the Senator yield at that point?

Mr. DOLE. Yes, Mr. President.

Mr. LONG. Mr. President, may I say to the Senator that one mistake we did not make during the Carter administration was to try to finance the social security out of the deficit. What we did in those years, even though some recommended otherwise, was to insist that the social security program would have to be paid for by those who expected to benefit from it. We put enough taxes on to keep the social security program solvent and to pay for its benefits.

Some protested that approach, but up to now, we have not gone to general fund financing of social security. We have worked on the sound basis that those who are going to benefit from the program ought to be paying for it and they ought to be paying in a proportion relative to the benefit they expect to have from it. By following that approach, we have kept this program sound.

The general fund we are talking about has an accumulated deficit of more than \$1 trillion because it has not been paid for. May I say to the Senator that if you want to keep the social security program solvent and if you want to keep the Nation solvent, you should insist that we continue to pay for this program through those who expect to get the benefits contributing to it, and not do it on the basis that we will give you the benefits but we are going to tax the other guy.

I can recall when the program got into trouble. It was when Wilber Mills ran for President of the United States. He sent us a wire during the New Hampshire primary telling us to increase social security benefits without increasing taxes. We were supposed to be able to do this by changing from the so-called static assumptions to dynamic assumptions.

Mr. President, if there is not enough money being raised by the social security payroll tax, then we can try to find a way to stay sound by making some changes. In this bill the Finance Committee recommended that we tax sick pay as well as regular pay, and then shaving down some of the benefits certain future beneficiaries will receive so as to keep the cost inside the revenues. May I say that so far, that approach has been successful. It has been successful since the program was started.

It is true that we have some projections that give us cause for concern, but

so far, we have managed to finance the program and we have managed to keep it sound by not going outside and taking general revenues, not taking revenues of people who have nothing to do with the purpose of the social security program, but financing it on the theory that those who are going to get the benefits will pay for it and they will receive benefits in accordance with what they pay.

I say to the Senator that he is supporting the same position as those who have maintained this program down through the years and had the courage to vote for the taxes to pay for it, and I am pleased to support the Senator's position on this.

Mr. DOLE. I thank the distinguished Senator from Louisiana.

All this talk about revenue enhancement reminds me of an old story. Several years ago in this Chamber, one of my liberal colleagues was beating the table, about ready to wind up his speech, and he said, "Now, gentlemen, let me tax your memories." Some of the liberals jumped up and said, "Why haven't we thought of that before?" [Laughter.]

That is essentially the fix we are in today. We have taxed just about everything that moves or wiggles around here, and now we are trying to take some of the taxes and put them into the social security problem.

I do not have any quarrel with the Senator's amendment, so long as I have enough votes to table it, and I will find out now if I can do that. [Laughter.]

Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. McCURE), the Senator from Alaska (Mr. MURKOWSKI) and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I also announce that the Senator from Washington (Mr. GORTON) is absent due to death in the family.

I further announce that, if present and voting, the Senator from Washington (Mr. GORTON) and the Senator from Idaho (Mr. SYMMS) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUE) is necessarily absent.

The PRESIDING OFFICER (Mr. COHEN). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 65, nays 30, as follows:

[Rollcall Vote No. 312 Leg.]

YEAS—65

Abdnor	Boschwitz	DeConcini
Andrews	Burdick	Denton
Armstrong	Chafee	Dixon
Baker	Chiles	Dole
Baucus	Cochran	Domondt
Bursten	D'Amato	Durenberger
Boren	Danforth	East



Exon	Humphrey	Pryor
Ford	Jeppen	Quayle
Garn	Johnston	Randolph
Glenn	Kassebaum	Sasser
Goldwater	Kasten	Schmitt
Grassley	Laxalt	Simpson
Hart	Long	Stafford
Hatch	Lugar	Stennis
Hatfield	Matsunaga	Stevens
Hawkins	Mattingly	Thurmond
Hayakawa	Melcher	Tower
Heflin	Nunn	Wallop
Helms	Packwood	Warner
Huddleston	Percy	Zorinsky

**NAYS—30**

Biden	Hollings	Proxmire
Bradley	Jackson	Riegle
Bumpers	Kennedy	Roth
Byrd	Leahy	Rudman
Harry F., Jr.	Levin	Sarbanes
Byrd, Robert C.	Mathias	Specter
Cannon	Metzenbaum	Tsongas
Cohen	Mitchell	Weicker
Cranston	Moynihhan	Williams
Dodd	Pell	
Eagleton	Pressler	

**NOT VOTING—5**

Gorton	McClure	Symms
Inouye	Murkowski	

So the motion to table Mr. EAGLETON's amendment (No. 581) was agreed to.

**AMENDMENT NO. 585**

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The question recurs on amendment No. 585.

Mr. DOLE. May we have order?

The PRESIDING OFFICER. The Senate is not in order. Those Senators in the aisles please take their seats or remove themselves from the Chamber.

The Senator from West Virginia.

**UP AMENDMENT NO. 484 (TO AMENDMENT NO. 585)**

(Purpose: To require the Director of the Office of Management and Budget to submit a full and complete list of reductions in budget authority and outlays and increases in revenues to the Congress)

Mr. ROBERT C. BYRD. Mr. President, I send to the desk an amendment to the amendment by Mr. PRESSLER and ask that it be stated by the clerk.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD), for himself, Mr. DECONCINI, Mr. CANNON, and Mr. MATSUNAGA, proposes an unprinted amendment numbered 484.

To the amendment offered by Mr. Pressler, strike all after the words, "It is" and insert the following: the purpose of this section is to assure the American people that the as yet "unidentified savings" included in the budget requests most recently submitted to the Congress for fiscal years 1982, 1983, and 1984, will not be achieved by reductions in budget authority and outlays for Social Security programs.

(b) Not later than November 15, 1981, the Director of Office of Management and Budget shall prepare and transmit to the Congress a full and complete list of all reductions in budget authority and outlays and increases in revenues for fiscal years 1982, 1983, and 1984 which he determines are necessary to insure that the deficit for fiscal year 1982 does not exceed \$43,100,000,000, that the deficit for fiscal year 1983 does not exceed \$22,900,000,000, and that outlays do not exceed revenues by the first day of fiscal year 1984. In preparing the list required by the preceding sentence, the Director shall only utilize categories of reductions in budget authority and outlays which explicitly specify the programs and appropriation accounts in which such reductions are to be made, the exact amount

of such reductions, and the provisions of law with respect to entitlement programs which must be changed in order to carry out such reductions.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. DECONCINI, Mr. CANNON, Mr. MATSUNAGA, Mr. SASSER, Mr. RIEGLE, and Mr. LEVIN be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, in short, this amendment requires that not later than November 15 of this year the OMB Director shall prepare and transmit to the Congress a full and complete list of all of the so-called unidentified cuts that appear in the budget for fiscal year 1982, 1983, and 1984, the cuts that he determines are necessary to insure that the deficit for fiscal year 1982 does not exceed \$43 billion; that the deficit for fiscal year 1983 does not exceed \$22.9 billion; and that the budget for fiscal year 1984 is a balanced budget.

In preparing that list, the Director would have to be specific with reference to the programs and the appropriation accounts in which reductions have to be made, the exact amount of such reductions, and the provisions of law with respect to the entitlement programs which must be changed in order to carry out such reductions.

I ask unanimous consent to include in the Record, at this point, a table showing spending cuts, revenue increases, and "unidentified cuts" for fiscal year 1982, fiscal year 1983, and fiscal year 1984.

There being no objection, the table was ordered to be printed in the Record, as follows:

REAGAN BUDGET CRISIS (BASED ON ADMINISTRATION BUDGETARY AND ECONOMIC ASSUMPTIONS)

[Dollar amounts in billions]

	Fiscal year—		
	1982	1983	1984
Administration's deficit (—) / surplus (+) projections:			
March.....	-\$45.0	-\$22.8	+\$0.5
July.....	-42.5	-22.9	+5
September.....	-43.1	-22.9	.....
Administration's September proposal:			
Deficit reduction.....	16.0	40.0	58.8
Spending cuts.....	(13.0)	(20.3)	(24.8)
Revenue increases.....	(3.0)	(8.0)	(11.0)
Unidentified cuts.....		(11.7)	(23.0)
July unidentified cuts.....	(1)	-30.0	-44.0
September additional cuts:			
Defense spending.....	-2.0	-5.0	-6.0
Nondefense spending (12 percent across-the-board).....	-8.4	-5.3	-3.8
Future reentitlement reform package.....	-2.6	-10.0	-15.0
More unidentified cuts.....		-11.7	-23.0
Subtotal, September cuts.....	-13.0	-32.0	-47.8
Total, July and September cuts.....	-13.0	-62.0	-91.8
Total unidentified cuts.....	-2.6	-51.7	-82.0

<sup>1</sup> Amount not identified, estimated \$15 billion.

Mr. ROBERT C. BYRD. Mr. President, based on the administration's budgetary and economic assumptions—not on the assumptions by the Congressional Budget Office, but based on the administration's own economic assumptions—as of the July budget revision, the midyear review, there were \$30 billion in unidentified cuts

for fiscal year 1983 and \$44 billion in unidentified cuts for fiscal year 1984.

As of the time that the September budget revision was submitted by the administration, there were \$10 billion in additional unidentified cuts in the "future entitlement reform" package and there was an additional figure of \$11.7 billion in "unidentified cuts," making a total of \$51.7 billion in unidentified cuts for fiscal year 1983. And in that same September budget submission, there is a figure of \$15 billion in the reductions in the future entitlement reform package and an additional \$23 billion in unidentified cuts, making a total for the unidentified cuts in fiscal year 1984 of \$82 billion.

Mr. President, I think the American people have a right to know what the administration has in mind insofar as the so-called unidentified cuts are concerned. I believe that Congress is entitled to know, also, what the administration has in mind as far as unidentified cuts are concerned.

If the administration itself does not know what is included in the \$82 billion in unidentified cuts for fiscal year 1984, and if the administration itself does not know what is in the \$51.7 billion in unidentified cuts for 1983, then the "balanced" budget that the administration has been talking about for fiscal year 1984 is nothing more than a piece of paper.

The President promised a balanced budget by fiscal year 1984, and we here in the Senate continue to hold a balanced budget as one of our important goals. But if the administration does not know what is in the unidentified cuts amounting to \$82 billion for fiscal year 1984, then, as I say again and repeat, the balanced budget of the administration is nothing more than a piece of paper. And if the administration does indeed know what is included in the unidentified cuts, then it should tell the Congress, it should let us know in advance, and it should let the American people know in advance of 1983 and in advance of 1984, as to what is included in those unidentified cuts.

One of the most disturbing questions in the minds of older Americans is: Will the budget ax fall on their social security benefits? And our older Americans have seen one conflicting signal after another. Social security was to be included in the so-called safety net. It was a sacred cow. But in May, the administration announced a proposal that would cut social security benefits by \$88 billion over a 6-year period. And again in July the administration included \$19.6 billion in social security cuts from fiscal years 1982 through 1984 in its mid-session review of the budget.

In September, the administration proposed new budget cuts and claimed that it had restored social security cuts included in the July budget. But if we look at the column labeled unidentified cuts in fiscal year 1983, and if we look at the column labeled unidentified cuts in 1984—cuts amounting to \$51.7 billion for fiscal year 1983 and \$82 billion for fiscal year 1984, respectively—these are not cumulative cuts. These are cuts for each fiscal year—\$51.7 billion, unidentified,

in fiscal year 1983, and then in fiscal year 1984 an additional \$82 billion in unidentified cuts.

If the administration is unwilling to identify the unidentified cuts, then how do we know that the administration is not including social security cuts in that designation of unidentified cuts?

Has the \$19.6 billion social security cut assumed in the July budget disappeared? Where are these cuts? If social security cuts are not included in the unidentified savings assumed in the 1984 budget, what cuts are included? Can we assume that if the total of the cuts cannot be identified the slack will come from social security?

The amount the administration has assumed for unidentified cuts has grown with each budget request. The only thing that has not grown is the information as to what makes up the unidentified cuts.

In the most recent budget request submitted to Congress, as I have indicated, there are \$82 billion in unidentified or undistributed cuts included for fiscal year 1984.

My amendment asks that Congress simply be told and that the American people be told, in essence, what these cuts are. If the administration can assume that amount of money in balancing the budget, why can it not tell us how it reached that number? How did it reach the number of \$82 billion in unidentified cuts for 1984? How did it arrive at that number? It must have some information as to where the cuts will be made. If it has that information, then Congress is entitled to know about it now, not to have to wait until 1984 to find out. Now the American people are entitled to know now, not next year, not in 1984, as to what those \$82 billion in unidentified cuts are. As I say again, if the administration does not know, then the so-called balanced budget is a worthless piece of paper.

The administration claims that it knows ways other than cutting social security in balancing the budget and that it has included those ways in its budget-cutting plan. All I want to know is, what are these plans? Can someone tell us? What are the plans? Eighty-two billion dollars in 1984. Fifty-one point seven billion dollars in fiscal year 1983. That is a total of \$133.7 billion in unidentified cuts that the administration is counting on making.

Cutting \$82 billion from a budget in one single fiscal year is a difficult task, and if the plan to achieve these cuts is in place, Congress should be told. Congress represents the ultimate authority. Congress should be told what programs will be cut and ought to be told now, and the American people ought to know now.

I think what we have here is a Pandora's box. Do not lift the lid. Do not take a look at what is in that box of unidentified cuts. Do not take a look too early. The American people might be disturbed.

If the cuts have not been identified, then, as I say, the budget submitted by the administration cannot lead to the

balanced fiscal year 1984 which has been promised so often.

Mr. CHILES. Will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. CHILES. I think the amendment the minority leader is proposing is something that is essential, for the Congress and the American people. We must have this information if we are going to be able to deal with the economic and budgetary problems the Nation faces. In fact, it now looks as if the further we get along the more elusive the picture seems to be of where we are actually going to cut and what the programs are going to be.

As the distinguished minority leader knows, when we left in August, we were told that there would be some additional cuts proposed in 1983 and in 1984 that would be identified for us. But when we come back in September, we find in addition to those cuts we are now told that there are other cuts that are not identified.

In listening to the President's address, he talked about three or four areas of different cuts, some that he had given to the Cabinet and they were to come up with some cuts beginning sometime next year, for the budget proposals next year.

We still have the cuts which were unidentified in August when we left, and now even part of the new proposals are unidentified. Also unidentified is the \$21 billion over some 3 years in tax changes—I think they said the closing of loopholes or tax revenue moneys. Most of us have to recognize those are tax increases. One man's loophole is another man's tax increase. So there are some \$21 billion there.

Altogether we are talking about a tremendous amount of the budget, especially in the numbers, and, depending on if you use the administration's figures, it now looks as if we are talking about a deficit, with the new interest figures, of close to \$80 billion by 1984. That money for 1983 and 1984 is unidentified. If we use the CBO figures, we are talking about well over \$100 billion deficit.

The problem we face is extremely serious, but the administration is telling people just how serious it is. They are saying that if we just cut another 12 percent, we will get a balanced budget. But they are not telling people that we would have to cut another \$15 billion in entitlement programs, and they have not said which ones they want to cut. They have not told the people that they still need \$23 billion in other areas which they cannot identify. They have not said that if CBO's estimates are correct, they will need another \$52 billion to cut after all that. This situation is awful, and the people have a right to know that if we take the President's numbers in defense, then to balance the budget by 1984 we will have to cut everything else by 36 percent, by more than a third, on top of what we already cut. That means 36 percent for veterans benefits, for highways, for education, and for law enforcement.

The administration is not telling people that the \$21 billion is credit activities

it wants to cut are for small business, housing, and agriculture, which are just the parts of the economy which are being devastated by high interest rates.

The administration has not told us what all those other cuts are going to be. Yet I asked Mr. Stockman today, on his appearing before the Budget Committee, if the CBO figures were correct. We have found that they have always been closer to being correct even though they usually underestimate their figures. They have been closer to being correct than any of the Presidential figures we have had since I have been on the Budget Committee and since I have been watching it. That is true of previous Presidents, as well, including Ford and Carter, and now President Reagan's administration. If those figures are correct we are looking for cuts of at least 36 percent of the CBO figures across the board for every agency.

If we are not to cut some of these agencies 36 percent, that means that some would have to be cut more and others less. We are entitled to know what the administration has to say about it or where we can make these cuts. We are told that there is a safety net out there, that the safety net will protect those people who cannot protect themselves. We are also told that there is a lot of waste and fat. We need to know where that waste and fat is so we can cut it out, so we can root it out.

I think the longer we wait the more the credit markets are going to react because there is uncertainty. One Budget Committee witness, from a major Wall Street investment house, told us that 4 percent of the current interest rate is a premium being paid for uncertainty. We do have this information, but we need to get it if we are going to get on a clear path toward a balanced budget and eliminate that uncertainty.

I congratulate the minority leader for seeking this information. It seems to me that it is something which is essential for the entire Congress to have and for the American people to have so that we can identify these cuts and know the direction in which we are going. I am delighted to see the Senator's proposal before us.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Florida. He is a member of the Budget Committee and is in a position to speak with a great deal of authority on this subject. I very much appreciate his comments and his support of the amendment.

I now yield to the distinguished Senator from Montana.

Mr. BAUCUS. Mr. President, I thank the minority leader for yielding.

I believe this to be a very impressive amendment. I say that because up until last year when Congress has adopted budgets, they have been on a yearly basis. The administration would come up with a budget, itemize various categories and various programs, and the Congress would scrutinize and analyze those provisions, trying to determine whether or not the budget was appropriate. Congress would then pass the budget.

It has only been recently that we have

come to a new procedure. That is, we have begun to project budgets into the future. If we do that, it seems to me if they are honest projections they have to have honest figures.

This amendment very directly and precisely points out the administration's projections or so-called budgets for the future are really phonies because they are not budgets in any sense of the word. They are just a wish that the total amount of spending be a certain figure. It does not say how they will get to that result, what the route will be. It does not supply us with a roadmap. It is just a wish.

This amendment basically tells the administration to tell it as it is, that it does have a budget. We in the Congress have the obligation to scrutinize the legislation fully, an obligation to look into it and know what the figures are.

I believe that we have an obligation to project the future so that we know what we are voting on. So far, we have unspecified cuts of up to \$82 billion in 1984 and we do not have a budget. It is just phony. It is phony in the truest sense of the word. This amendment will help pinpoint the phoniness, the illusion, of the proposal sent up by the administration. I think it is a very good amendment.

The second point, Mr. President, as has been mentioned by other Senators, is that we were promised by the administration that there would be no cuts in social security. Then, lo and behold, the President came up with social security cuts totalling approximately \$68 million over 6 years. Now he has backtracked on that because the American public has spoken out against social security cuts. We do not know whether the administration has in the back of its mind further cuts in social security. Maybe they are included in the unspecified cuts.

Mr. President, if we are going to establish greater certainty in the minds of senior citizens, in financial markets, in people who are affected by Federal programs, then I think the administration has a very strong obligation to come forth and tell us where the proposed cuts are. If they do not do that, then we do not have a budget because unless they can tell us their proposed figures for various programs, the words are just smoke, there is no substance.

I think this is an excellent amendment, Mr. President. I commend the Senator from West Virginia for noticing this flaw in the budget, for proposing an amendment to help cure the defects in the budget and help establish a little sense in this budget process so that the country has a better idea of what exactly is going on. I commend the Senator from West Virginia and I think him.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator from Montana.

I shall not try to hold the floor at length, Mr. President.

I just want to emphasize, for those Senators who may be in their offices listening, that Congress gave to the President his requested package of \$35 billion in cuts prior to the August recess. He has now requested additional cuts amounting to \$13 billion for fiscal year 1982. I anticipate that there will be fur-

ther requests for cuts in January or the early spring. So, what we see here is a succession of requests for cut after cut after cut in the budget.

Mr. President, many of us on this side of the aisle were under the impression that the first \$35 billion cut that was requested—although we opposed certain aspects of it and tried to amend the package, most of us went along and supported it once we failed in our efforts to amend it—but many of us were under the impression that that was the economic package of budget cuts for fiscal year 1982. We were told that we had to give the whole package, the whole thing—tax cuts, budget cuts amounting to \$35 billion, increased defense expenditures—and most of us voted for all of that. Now we find that, come September, there is a request for an additional \$13 billion in nondefense cuts, and additional cuts in defense expenditures amounting to \$13 billion across the 3-year period.

Mr. President, we undoubtedly will be asked for more reductions. I do not believe the budget can be balanced simply by the process of cutting the budget. I think that is part of the process, of course, and we have cooperated with the President in that fashion. But I just do not think that to balance that budget in fiscal year 1984 by budget cuts alone is doable. I do not think the American people are aware of the dimensions of the cuts that are yet to be made.

There was quite a whoop and a holler about the \$35 billion cut package that was enacted, a lot of celebrating of the enactment of that package, and so on. Now we find, as I say, another \$13 billion in requests.

But that is not all of it. We find, as we scrutinize the administration's budgetary assumptions, that there will be \$51.7 billion in unidentified cuts for fiscal year 1983, and an additional \$82 billion in unidentified cuts for fiscal year 1984.

Mr. President, the full revelation of what these budget cuts are really going to mean is going to sink home in due time. When the American people awaken to the fact that in order to achieve this so-called balanced budget in fiscal year 1984, the administration has cranked in—cranked into the balanced budget—"unidentified cuts" amounting to \$82 billion—what does that mean, Mr. President? Does that mean additional cuts in defense?

Does it mean that revenue sharing is going to be eliminated?

Does it mean that there are going to be some cuts in social security?

Does it mean that there are going to be cuts in veterans' pensions?

Does it mean that there are going to be cuts in black lung payments and railroad retirement benefits?

Does it mean there are going to be cuts in Federal retirement benefits?

Are there going to be further reductions in synthetic fuels and energy conservation?

Are there going to be further cuts in mass transit?

Are there going to be further cuts in college loans, child nutrition, and school lunch programs?

Are there going to be further cuts in coal research?

Are there going to be further cuts in water and sewer projects, education, and health programs?

Are there to be further cuts in flood prevention projects, farmers home loan guarantees?

Where are the cuts going to be made? If the administration knows, then it ought to say. Otherwise the financial markets are not going to believe that the administration can be successful in achieving the cuts that are wrapped into the designation of "unidentified cuts" for fiscal year 1984.

Where is that balanced budget? Does the administration know? Or does the administration not know? If it knows, then let it speak.

The American people have a right to know. They have a right to know what the dimensions of this cutting exercise are going to be within the next 2 to 3 years.

And the Congress needs to know. How can Congress proceed in a reasonable way to deal with the budget if it does not know where the cuts are going to be proposed by the administration?

So, Mr. President, I call on the administration to open Pandora's box. Let us take a peek. Just let us have a little look into this Pandora's box. Let us see what is in there, in this box that is labeled "unidentified cuts."

Let us be assured that there will not be any cuts in social security. Let the old folks throughout this country be assured that there will not be cuts in social security that are included in that \$82 billion in unidentified cuts for fiscal year 1984. Let the elderly community of this country receive assurances that there will not be cuts in that Pandora's box labeled "unidentified cuts" that really are cuts in social security.

Let the veterans be assured that there will not be further cuts in veterans' health care.

Let the administration speak and let the financial community, the financial markets, the business community of this country know that the administration really is on track, that it really knows where it is going, that it really does know what cuts are going to be made, and that it can achieve those cuts; or else the financial markets are not going to be convinced that they can be made.

Mr. President, my amendment would require that information. Truth in budgeting; that is what is needed. We have heard of truth in lending, truth in this, truth in that. This is the "truth in budgeting" amendment.

I hope that all Senators will support this amendment. How can any Senator go home, how can I as a Senator—does the Senator from Kansas wish to be added as a cosponsor?

Mr. DOLE. No, Mr. President, I just thought the Senator had stopped.

Mr. ROBERT C. BYRD. How can I, as a Senator, go home if I were to vote against this amendment, or if I were to vote to table it, even? How could I say to the old folks, "Look, I really did not want to know what those unidentified cuts are. It really did not matter to me whether or

not social security cuts were included. So I voted no, against the amendment"? Or "I voted to table it."

Do I want to tell my people back home that it is of no interest to me what is included in the unidentified cuts?

Mr. MOYNIHAN. Will the Senator from West Virginia yield at this point?

Mr. ROBERT C. BYRD. Yes, Mr. President.

Mr. MOYNIHAN. Mr. President, I want to say that the Senator has made an irrefutable case, in my view. I would like to offer, if I may, certain elemental numbers which, I think, make as salient as possible a case for his amendment. Let us go to the fiscal year 1984. That is not very far away, just 23 months away. According to the Congressional Budget Office—and we are honored to have on the floor the distinguished chairman of the Budget Committee, who will confirm this—estimated revenues in fiscal year 1984 under the administration's tax program will be \$748 billion. If you take three items—defense, interest on the public debt, and existing benefits to individuals, such as social security, railroad retirement, veterans' pensions—you get \$740 billion. That leaves \$8 billion for all remaining operations of the Government in fiscal 1984: \$8 billion for the Department of Agriculture, the Department of the Interior, the Library of Congress, the FBI, the CIA, the Coast Guard, the White House staff, the Supreme Court, and the staff of Congress. You cannot do that. You cannot get the remainder of Government for \$8 billion.

I assume that we will continue to pay interest on the public debt, that we will not default on the Government's most fundamental financial obligations.

We have heard no one on this side or the other, propose to reduce defense much. Where can the money come from then, but from entitlement benefits for individuals?

That is why an answer to the Senator's question will not be forthcoming, unless Congress directs it to be. Ineluctable logic indicates that it must come from benefits to individuals. Naturally the administration does not want to talk about this.

We warned them that the size of that tax bill in the out years was intolerable. We said that a great barbecue was taking place, and that a clean bill the Nation could afford was being turned into an auction of the Treasury. They signed it anyway. Now we all must deal with these numbers.

The chairman of the Budget Committee is in the Chamber. Our revenue estimate in 1984 is \$748 billion. The administration has a higher number—\$771 billion. That would give you \$23 billion for all the rest of Government, and you cannot do that. If the cuts are not going to come from defense, and we continue to meet our debt obligations, then where is the savings to come from—except from benefits to individuals, or from a mid-course correction in the tax program, stretching out the tax cuts?

This morning I informed the chairman of the Finance Committee that Mr. Stockman now refers to tax increases as

revenue enhancement. If there is not going to be so-called revenue enhancement, then there is going to be devastation in entitlement programs for individuals as we have known them. Not just in social security but also railroad retirement, black lung benefits, veterans pensions.

Unless we get a straight answer, uncertainty will loom as a threat to the very fabric of this society. The Senator is quite right. We have not yet received one.

With gratitude to the minority leader, I will vote for his amendment.

Mr. ROBERT C. BYRD. I thank the distinguished Senator, and I yield the floor.

Mr. KENNEDY. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield.

Mr. KENNEDY. Mr. President, I commend the Senator from West Virginia for raising this point again.

I believe the American people thought that last August, after the budget resolution had been considered and after the tax bill had been considered, the budget cuts proposed by this administration had been adopted. But now we find we have a new message from the President of the United States, asking for new budget cuts on the grounds that not enough has been done and more is needed. People in my State of Massachusetts believe that Congress gave the administration what it requested and many feel that we gave too much. But over the summer, after the President's program was enacted, interest rates skyrocketed and the projections were for more of the same. When we came back here in September, we heard that the answer to these interest rates is another new economic program—the second one in 6 months—and that this new program is for more budget cuts.

I believe the Senator from West Virginia does a very important service in asking the administration to detail for the Congress and the American people where these additional cuts will be made. Let us not forget that we heard time in and time out during the course of the last Presidential campaign, there were not going to be any cuts in social security. Only waste and fraud were to be eliminated. Then the administration changed its mind and broke its promise. Cuts were made in social security. First the minimum benefit was eliminated. And if that was not enough, the administration then proposed to make an additional \$88 billion in cuts.

It was only after the Senator from West Virginia, the Senator from Michigan, and others of us continued to press to restore the minimum social security payments, and the Senator from New York offered in his proposal to allow borrowing for the funds, that we have been able, at last, to give some assurances to millions of senior citizens that there would not be a serious disruption of the fundamental commitment that has been made to those who have paid into the social security system.

The Senator from West Virginia is entirely right when he asks, and really

demands, accountability as to where these additional budget cuts are going to come from.

As the Senator from New York has pointed out, we are spending about \$100 billion just to finance the national debt. We are spending over \$200 billion on defense; we are spending over \$400 billion on entitlements and other uncontrollable programs including social security and health care programs under medicare. There are not the resources to make the \$82 billion in cuts the administration is asking for unless we are prepared to say to every parent in this country that there will be no more school lunch programs, that we are abolishing every opportunity for young people to go to school under the guaranteed student loan programs, that we are virtually abolishing the Older Americans Act, that we are going to basically eat away and wipe out health care, job training, housing, and transportation programs. We are not being honest with the American people.

I believe that the Senator from West Virginia, in focusing on this issue, has really provided an important service. I, for one, join the Senator in hoping that the administration will provide us with their list as to what areas are going to be cut back, so that the American people will have a better understanding as to whose belt is being tightened and whose belt is being loosened.

Earlier this afternoon, the Senate rejected what I considered an eminently reasonable amendment by the Senator from Missouri that had been refined over a previous amendment the Senator had offered. It was very close to the amendment I offered some time ago when we tried to reduce the budget deficits by some \$33 billion, by abolishing the windfall that would be granted to the major oil companies. That issue was clearly focused—more profits for oil companies or more benefits for the elderly. People will have an understanding of what the Senate was attempting to do on that issue, and we had a yea-and-nay vote on that. I regret that that amendment was defeated.

Now the Senator from West Virginia is trying to make the administration accountable to Congress and the American people on the question of \$82 billion in additional cuts. The Senator does a service to this body. The American people are entitled to the answers to his questions, and I commend him for raising this issue on the floor of the Senate this afternoon. I urge my colleagues to support Senator Byrd's amendment.

Mr. ROBERT C. BYRD. I thank my friend, the distinguished Senator from Massachusetts (Mr. KENNEDY).

Mr. SASSER. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield to the distinguished Senator from Tennessee.

Mr. SASSER. Mr. President, I commend the Senator from West Virginia for offering this amendment this afternoon.

What we have before us are the plans of the administration which will soon be translated into action, to make \$82 billion in unspecified and unidentified

budget cuts between now and fiscal year 1984, in an attempt to balance the Federal budget. I believe it is incumbent upon the administration to indicate to this body and to the American people precisely where these budget cuts are to be made.

It is only right that the Senator from West Virginia should offer this amendment today, in an effort to point out precisely where these cuts are to be made and to require the administration to report back to this body on a date certain as to precisely how the administration intends to make these cuts.

Mr. President, I believe some of us have proceeded far enough simply on faith in this administration and on faith in the President's program. We see now that we have passed a tax cut bill, at the urging of this administration, which, over a period of 3 to 4 years, will reduce Federal revenues by some \$750 billion. Laid alongside are cuts so far which will aggregate, over the same period of time, between \$130 billion and \$150 billion. This does not take into consideration increased outlays that will be made for defense and for defense readiness, which we all support.

The bottom line of all this is that we are looking, in the years ahead, into what appear to be bottomless deficits.

The Senator from West Virginia is quite correct in calling upon the administration now to point out precisely for the American people where these cuts are going to be made. Quite frankly, I say to my distinguished leader, the Senator from West Virginia, that I do not know how this administration can make cuts of this magnitude without getting into basic programs that the American people have come to rely on and depend on, such as social security.

If these cuts can be made without getting into the social security program or other vital and crucial programs to the American people, then I think it is incumbent upon the administration to point them out.

So I wish to associate myself with the remarks made earlier by the Senator from West Virginia and commend him for introducing this amendment.

Mr. ROBERT C. BYRD. Mr. President, I thank my able friend from Tennessee (Mr. SASSER), and I yield the floor.

Mr. DOLE. Mr. President, I reluctantly must oppose the amendment. I think it was drafted in good spirit during the Democratic Caucus during the lunch hour.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a correction?

Mr. DOLE. I yield.

Mr. ROBERT C. BYRD. No. The amendment was drafted prior to the caucus.

Mr. DOLE. Maybe it was discussed during the caucus.

Mr. ROBERT C. BYRD. I informed my colleagues about this good amendment during the caucus and they were delighted to hear about it.

I wish to come to a Republican Caucus to likewise inform my friends there, because I hope that there will be a lot of support on the other side of the aisle, as a matter of fact, almost unanimous sup-

port on the other side of the aisle for this amendment.

Mr. DOLE. We have four absentees. I can promise the Senator if they were here they might be potential supporters, but we hope none of the present Members will support this amendment, not that it does not have some merit. We are trying to examine it now to find what merit there may be to this amendment. So far we have not found any, but there may be some merit that has not been discovered.

I think we should go ahead and ask the President to outline his program for fiscal years 1985, 1986, 1987, and 1988, since it is probably a foregone conclusion that he is going to be reelected and we should know his program through 1988. I do not know why we want to let President Reagan off the hook just for 1983 and 1984 because I assume the American people, for the most part, are hoping that he is going to be reelected to save the economy of this country.

He is on the right track and, as I have said earlier in the debate, it takes a while to recover from 26 years of Democratic domination of the Senate and 4 years of Jimmy Carter. We just cannot do it in a matter of 6 or 7 months, but the President has made great strides. I cannot recall in the 20 years I have been in Congress, 8 in the House of Representatives and 12½ in the Senate, where any one President of either party, I might add, because this is not a partisan debate, has had such success in reducing Federal spending. I think it is dramatic. I think maybe we did not cut enough. If that is what is being suggested on the other side, I certainly hope that we will have support for further budget reductions.

This Senator was never under any illusion that we were going to cut spending once and that would solve all of our problems.

The President has made it clear that there would be additional budget cuts, but what this amendment proposes to do now is to take away his flexibility, to say, in effect, that the President has to tell us by November 15 what he might want to do next year or the next year.

The economy is going to change. Just since the President's program took effect 2 weeks ago interest rates have dropped 1½ points. That is not bad in 2 weeks. And if they continue at that rate, we will be down to a reasonable rate of interest in a few weeks or a few months.

That is part of the thrust of the President's program. Inflation is below 10 percent for the first time in many months, and that is because of the leadership provided by President Reagan.

I do not have any quarrel with the amendment. On the other hand, I just do not know why it is being offered—well, I know why it is being offered. As long as we have the votes to table it, it is a good amendment. I have asked my distinguished colleague from New Mexico, Senator DOMENICI, to appear and discuss the amendment. As I understand, the amendment refers to cuts in social security programs, and I assume that includes medicare, medicaid, aid to dependent children, or any other program that might be under the Social Security

Act, including unemployment compensation. I mean we are looking at all these programs from time to time trying to ferret out some of the abuses. In effect, there was an amendment offered yesterday which we accepted which will prevent the Social Security Administration from mailing social security checks to dead people.

I am not even certain that if we took this amendment we could even change that because stopping checks to dead people would be a reduction in social security benefits. Now those people are not complaining, but I suggest that we might violate the spirit of this amendment if we adopt it. I want to be very careful that I understand the full intent of the amendment of the distinguished Senator from West Virginia.

I am also told that we have had a quick conversation with the OMB Director, since he was singled out for special recognition. He finds the amendment objectionable. He also indicates that the effects of this change are quite significant. We are advised by Mr. Stockman that the annual review by the President of the OMB-proposed budget cuts takes place in December. That means that if OMB would cut a program, the agencies then could appeal that decision to the President.

If we should adopt this amendment, and Heaven help us, Senator ROBERT C. BYRD would have us send the OMB budget cuts to Congress without time for their appeal. This will give much more power to OMB and its Director, and maybe that is a good idea. He has had a pretty good track record so far, but I am surprised that such a suggestion would come from that side of the aisle.

The effects could be dramatic cuts, for example, in the Appalachian Regional Commission, EDA, REA, certain Energy Department projects, all without an appeal to the President. I hope that is not the thrust of the amendment. I also point out that the information here requested will be available for fiscal year 1982. The appropriations cuts have already been sent up. The revenue package will be here before November 15. The entitlement package will be sent up next week. Maybe just the thought of this amendment has stimulated the OMB Director to get all this material up here, and maybe there is no need for the amendment to be pursued.

Beyond that, I think it is fair to say that the amendment would affect the President's flexibility in fiscal years 1983 and 1984. I hope that we know that as different estimates are made we will find out if the cuts made now are effective. I say to the Senator from West Virginia that we are in the Chamber today correcting what may have been a mistake in reconciliation of eliminating the minimum benefit. We are restoring at least most of that benefit. We may be back with other fine tuning of some of the budget reductions.

Despite all this, I think I could accept the amendment if we could add one more clause that would indicate that we by this action we are approving any cuts that are sent up.

Perhaps we could get that little amendment adopted, just a little technical



amendment, that by this action there would not be any further votes on any reductions, we would just take what the President suggested. Then I think in a spirit of nonpartisanship and fair play and in an effort to expedite the process, we might be willing to accept the amendment.

But beyond that we have a social security bill before us. We are really trying to patch up the system and restore the minimum benefit. We do it responsibly, though, by paying for that restoration. We have a bipartisan support. I make very clear the vote was 20 to 0 in the Finance Committee. We are going to authorize the reallocation of the taxes in the three different social security funds, and we are going to authorize interfund borrowing, so we can assure the same people, and I know the concern of the Senator from West Virginia. By this action, though, we have taken a Band-Aid approach. We will assure senior citizens that at least through next year and hopefully 1983 and 1984 they can expect to receive their checks in the full amount.

But I also indicate, so the record will be complete, that we have a responsibility in this Congress regardless of our party to address the long-term problems in social security. I know that many of my colleagues on both sides feel strongly about that. We hope that once we pass this legislation we might begin to address the long-term problems of the social security trust funds so that we can take positive action to make certain we preserve the system for the 36 million beneficiaries and that we also preserve the system for the 115 million working men and women who one day will be beneficiaries.

I am not able to support a sweeping amendment of this kind. It is unfair to the President. I know of no President in either party who has struggled so mightily to balance the budget, to restore the economy. What this President wants to do for this country, its senior citizens, its veterans, its farmers, and its working men and women is to reduce inflation and he is on the road to doing that. He also wants to reduce high interest rates, and he is on the road to doing that. To reduce Government regulation and he is on the way to doing that. It would seem to me that this approach would not be compatible with the efforts being made now by the President.

When everyone has an opportunity to speak to this amendment, I will move to table the amendment at that time and hope the motion to table will be passed.

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. DOLE. I yield the floor.

Mr. DOMENICI. Mr. President, I join with Senator DOLE in opposing this amendment.

I am amazed. I have heard in the Chamber today that after the first budget resolution and the President's first package of budget cuts, it has suddenly dawned on people that there was supposed to be a second round. Some are saying that the dramatic first and thought-by-many-to-be-impossible first round of cuts that was to be the only round; the President said it all in his

1981 budget and that we had done it all in the Reconciliation Act.

I hope the record is clear that that resolution was clearly the first installment and there must be \$30 billion additional reductions in 1983 and \$44 billion additional reductions in 1984.

Now, the figures are in the resolution. Anybody who thinks it is not, just go read it. It is in the President's budget. It is in the document that this Senate passed by an overwhelming margin.

The second thing that I have heard is equally amazing. If there is one thing that the distinguished Senator from Kansas and the distinguished Senator from Louisiana did on that tax bill on the floor, they told us the numbers. They told us exactly how much that was in tax cuts.

I just checked and I think that bill passed 89 to 11. I say to my good friend, the sponsor of this amendment, the minority leader, 89 to 11. We do not have enough Members on our side of the aisle to make that 89 to 11. Everyone voted for that knowing the extent of the tax cut.

Now, perhaps they did not know that there was going to be a deficit in 1982. Perhaps they did not know that unless we made another big round of budget cuts, perhaps they did not know there was going to be a deficit in 1983 and 1984. But, I guarantee you, when you look at the resolution, that is what it said. Unless you have \$75 billion in additional cuts, there will be a deficit. And we voted 89 to 11 for the tax bill. I do not remember what the budget resolution passed by, but it was something comparable.

Now, Mr. President, if this President has been negligent in telling us where his cuts are going to be as prescribed and required by the procedures of this country, I would be standing here supporting you; I say to my good friend. But he has not.

There is a law that says when he sends us budget cuts—and it is not now. Congress is not to come along in the middle of the year and say, "We are not sure what you want to do in 1983 and 1984. We are not sure that we are going to be able to support you." And perhaps the minority is saying that we in the Senate do not wish to prevent the President from proposing these reductions. Rather, he has no authority to cut the budget; we in the Senate have to. Therefore, we are entitled to an extraordinary budget process, which is what this is.

But let me tell you, in addition to giving us a budget, in addition to telling us there were cuts yet to be made, we ought to act on the list he gave us. We do not need another list.

The President told us, because of certain economic conditions, because of certain changes in programs, we have to go at that second round of cuts early. And he has given us a 12-percent across-the-board proposal and sent every item up to the Appropriations Committees. We do not need to ask him for that which he has already sent. He told us the defense slowdown and he told us the numbers, I say to the Senator, \$2 billion in cuts in 1982. And he has given

us the outyear cuts. He told us there is going to be an outyear entitlement reform and he said it would not affect social security. He is sending those entitlements up here very soon. He is not even required to do that.

He is asking us for the next installment on the outyear cuts that we have to make. He has told us there is going to have to be some revenue increases and he is going to send that up.

The only thing that is not identified are some 1983 and 1984 savings he has told us he is going to identify later, and I assume he will.

Mr. ROBERT C. BYRD. How much later?

Mr. DOMENICI. I say to my good friend, basically 1983 has to be up here, as he knows, in January and we have to go to work in the various committees shortly after that. In fact, we have to produce a resolution, as the Senator knows, that follows that very soon thereafter.

But, as far as unidentified remaining cuts, he has done more in his second phase to identify them than most Presidents would. He is making specific proposals and will identify the remaining reductions very soon.

He has already given us \$9 billion in the outyears. He has given us the defense numbers of \$11 billion additional reductions. He will soon give us \$25 billion in outyear entitlements. He will give us \$19 billion in outyear revenue enhancements. All that will be given to us this year when it affects 1983 and 1984 budgets.

In a very real sense, fully three-quarters of the Senator's requests are literally redundant. They are either here or will be here soon.

But, in the final analysis, I would say to the Senate that this President does not need any prodding by some extraordinary resolution to identify cuts in the budget. And if this President will not do it, then I do not know what kind of President we could imagine that would have enough fiscal responsibility that this institution would not feel that we ought to dictate that he produce out-year budgets ahead of schedule.

I think it is fair to say that he has already proved he is willing to cut budgets more than any President, ever; not in the last 20 years, but ever.

He already succeeded, with all of our help, in cutting more in 9 months than any President, ever. And now, we would sit here and say he has conducted himself in such a way that we are fearful that things are out of control and we ought to take an extraordinary measure here in the Senate and tell him to come up front, 2½ years ahead of time, and tell us in detail how he intends to finish the work.

The problems are tough in 1983 and 1984. The deficit is bigger in 1982. We did our work, but it is bigger anyway. It certainly is not the President's fault. I do not think it is significantly our fault. We effected \$35 billion in cuts. We did not like the deficit to be \$60 billion, but it is.

But I am absolutely sincere in saying that I cannot believe that this U.S. Sen-



ate would adopt a resolution based on this President's performance that would say:

We need an extraordinary action on the part of the Senate to change the budgetary process of Presidents which we have accepted for many years, ever since the Budget Act, because this President is just not responsible when it comes to budgetary matters.

I hope the distinguished Senator from Kansas prevails. I hope that those who are truly concerned about cutting will not get caught up in this kind of a resolution that will have little or no effect.

It is what we are willing to vote on. I say to Senator DOLE, by way of cuts that is going to have an effect on 1983 and 1984, not the passing of another resolution asking this President, tremendous as he is in fiscal restraint, to tell us what we have not asked any other President to do.

I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I have listened with great interest to the very eloquent statements that have been made by Mr. DOLE and Mr. DOMENICI. Each of them is performing his duty as a very faithful and loyal and dedicated Senator. I can understand how Mr. DOLE would defend the measure before the Senate against amendments.

But, the old song "Almost Persuaded" does not apply here and now. My question still has not been answered. Where are the unidentified cuts coming from?

The distinguished Senator from New Mexico said: How can we expect to ask the President, 2½ years ahead of time, to tell us in detail how he is going to cut the budget?

As a matter of fact, we are asking Mr. Stockman to do this—the OMB whiz kid. We are asking him not the President—to tell us.

How can he arrive at a figure of \$82 billion in fiscal year 1984 if he does not know the components of that \$82 billion figure? He must already know.

And if the administration can send us up here, 2½ years ahead of time, a so-called balanced budget which shows the figure in it of \$82 billion in unidentified cuts, then it seems to me that it is not asking too much of the administration to require it to present the details now as to what makes up the \$82 billion in unidentified cuts.

We are not asking the administration to send up the cuts now. We are simply asking for information now as to what is included in the "unidentified" cuts.

Now, I think we also have the right to know whether or not there is included in those unidentified cuts any cuts in social security. We all know the track record of the administration on that subject. It was said during the campaign and after the campaign was over and after the inauguration that there would not be any cuts in social security. The old folks could just sit back in their easy chairs and watch television. They could just forget any cuts. No problem; nothing to be afraid of. The President said that those people up there on the Hill are being cynically demagogic—they are creating fear among the old folks.

But it was Mr. Stockman who said that:

On or about November 3, 1982, there will be the greatest bankruptcy that the world has ever seen.

That is what sent the shock waves of fear throughout the elderly community of this country.

But then, after all of those pledges, after all of those assurances, after all of those promises that the old folks had nothing to be concerned about, no cuts in social security, what did the administration do? In May of this year, they sent up a package to the Hill of cuts in social security amounting to \$88 billion over a 6-year period; \$88 billion.

What were some of those cuts that were being proposed? One was that anyone who elected to retire at age 62 would take a 40-percent cut in his social security payment. In other words, instead of receiving 80 percent of what he would ordinarily receive if he waited until 65 to retire, he would only get 55 percent, this cut combined with other cuts proposed by the administration would mean a 40-percent cut immediately.

Well, we all know what happened in that case. Mr. DOLE offered an amendment, that we on this side of the aisle joined in supporting. That vote was bipartisan, after my friends on the other side had voted down an amendment that Mr. MOYNIHAN and I joined in offering to do the same thing, by a 1-vote margin.

But we all joined together in a bipartisan way to send a message out to the people in the elderly community that that proposal by the President was not going to be supported in this Congress.

I think the vote was about 94 to 0, or some such.

Then there was the proposal to cut out the social security minimum payment. Five times in this Senate there was an amendment offered to destroy the social security minimum payment. Five times that amendment was defeated with the support of the OMB on virtually a party line vote, five times. But then the heat in the kitchen began to get a little too intense and we heard, to our pleasant surprise, the President of the United States address the Nation by television to say that that would be restored.

So we have heard these promises and all of these assurances to the effect that social security will not be touched, the old folks can just rest assured about that. "Go on to bed. Go to sleep. Do not waste any time worrying about it. There will not be any cuts in your payments." Then, bingo, 2 days later someone at the White House said there will be a cut in the COLA payments or a delay in the COLA payments.

How can we be assured that in these figures, \$82 billion in fiscal year 1984 in unidentified cuts, and \$51.4 billion in 1983 in unidentified cuts, there will not be further cuts in social security? What is wrong with telling us. What is wrong with letting the American people know what is under the lid of that Pandora's box? That is all we are asking. We want to know now. Let the American people know now. We should know what makes up the unidentified cuts amounting to \$82 billion. The administration must know. How can they put down \$82 billion? Why not \$80 billion or \$79 billion?

It is \$82 billion. What makes up the \$82 billion? That is all we are asking. We are not asking the President to tell us, but we are asking the Director of OMB to tell us. Let him tell us. He is the one who plays with these figures. This is Mr. Stockman's budget, not mine. I think he should tell us what is in the \$82 billion. People have the right to know.

I should think that all Senators who feel that under this system of Government the American people have a right to know what is in the unidentified cuts, because the American people are going to be affected, would want to support this kind of amendment.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I am moved by the rhetoric but not by the merits of this amendment. I am not moved enough by the rhetoric to support it.

I think it is a good case. It will look good in all the kits they send out to the Democratic precinct people and others in the country who may be looking for ways to chip away at the President.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. DOLE. I will be happy to yield.

Mr. ROBERT C. BYRD. The Senator brought up an interesting point that perhaps ought to be gone into a little bit. There are all of these kits we have received in West Virginia signed by Ronald Reagan, asking for money, "How about more money so we can defeat additional Senators, additional House Members?" I suppose we can take a lesson from some of those kits.

Mr. DOLE. That is possible.

Mr. ROBERT C. BYRD. We have not been successful in raising money.

Mr. DOLE. The Senator from Kansas does not know anything about that. I sent out some a couple of years ago but nobody sent anything back. I got the message that my candidacy was not going anywhere. My kits did not work.

In any event, I think the President has done an outstanding job. I suggest it has not been a perfect experience but it has been a new experience.

We are 2 weeks into the President's program now and I would hope we would give him some opportunity to respond to the American people. We can stand here, and we do a lot of that, and talk about the plight of senior citizens, veterans, or farmers. But we also have a responsibility to worry about interest rates, budget deficits, inflation, and Federal regulations, with the Government too much in our daily lives. That is where the President has shed some fresh air and new light.

Notwithstanding that, I, and I know the majority leader, would like to complete this bill today. Therefore, I will move to table the amendment of the distinguished Senator from West Virginia and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. As I understand it, the Sen-

ator from Nebraska wanted to speak. Perhaps I can withhold my motion.

Mr. STENNIS. I would like to be recognized for 1 minute, if I may.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 1 minute.

Mr. EXON. May I inquire of the Chair where the Chair got the information that the Senator from Nebraska wanted 1 minute? I think the Senator from Mississippi wanted 1 minute. I did not request 1 minute. I request more than that.

The PRESIDING OFFICER. Does the Senator withdraw the motion to table?

Mr. DOLE. I withdraw the motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I will not detain the Senate. I am sure this matter is well understood. But in deference to all and based on our experience here this year, it seems to me that we are certainly entitled to advance notice and what we get now, identification of these reductions that are so important to the Nation as a whole, to those directly affected, and also to us. We are the ones who have to make the final judgments the best we can, based on the facts, the relative merits of requests for reductions in view of the total amount of the programs, and in view of all the programs put together as measured against the probable income.

By the way, a while ago, a formerly active Member of this body who has not been here for several years came into the cloak room, stopping to say hello. I told him of the work of the Senator from Kansas and the work of the Senator from New Mexico this year in working on these budget resolutions, reductions, and everything else, and presenting them in such a fine way and that we had made some headway.

That underscores, however, the burden that we have before us.

I have learned more this year than I have ever known about the details, about the operations, of a great many of these programs and how they work at the ground level because I went out there and visited and learned.

In this way, I feel the need, and I believe it is shared by most of us, to get more advance information than what we get now.

In deference to time, I know that other Senators wish to speak, I will not elaborate further. I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, the Senator from Nebraska rises in support of the amendment offered by my colleague from West Virginia.

I would think that those who cannot support this, and I suspect they have good reasons for not supporting it, those who find they cannot support this because it is an attack on the President of the United States or any of his appointees, seem to be somewhat off base, in my mind.

I intend to support the amendment not because I am critical of what the President of the United States is trying to do. Indeed, many of my colleagues on the other side of the aisle know that this Senator has voted in support of the President's programs much more frequently than I have opposed them.

I think what we are trying to get at with the amendment offered by the Senator from West Virginia is simply to recognize that we are indeed in great difficulty these days with our economy, and I believe it is important that we start charting our course for the days ahead longer than what is simply required by law.

I know that in some areas cuts have been made in the outyears, recommended by the administration. But we say, "If you have identified some of the cuts, why can you not identify all of the cuts? What are these unidentified cuts?"

I say, Mr. President, we are in some difficulty today because the administration and those associated with it have described the present situation, even when it was not as bad as many of us think it is today, as an economic Dunkirk, as the Federal budget hemorrhaging.

If that is true, and to a degree those statements are true, then I think that all we are asking of the President in this case is to work constructively with us, not only now but in the outyears to make sure that we correct our course, hopefully on a permanent basis.

I know that we have done many things in this body. We certainly changed most of the usual rules of the Senate when we used the reconciliation process in the manner that we did, basically to cut down what some of us felt were unnecessary expenditures of the Federal Government to the tune of about \$35 billion.

We used the reconciliation process for that purpose. We attempted, on an amendment offered by the Senator from Colorado (Mr. ARMSTRONG) that I would want a very few on this side of the aisle to support, to take the usual procedures to give the President nearly total impoundment authority with the right to veto it in this body.

What we are talking about, Mr. President, is the fact that there has been a great deal made out of the fact that the success of the President's economic recovery program is based upon expectations, it is based upon the confidence that the American people have in the program.

All that I am saying, Mr. President, is that if we are going to get the confidence, if we are going to have those expectations be meaningful with regard to the reduction of the ruinous interest rates we are facing now; we have to take a step toward charting our course farther down the road.

I say, Mr. President, it seems to me that the amendment offered by the Senator from West Virginia is indeed a constructive one, and I support it.

I yield the floor, Mr. President.

Mr. BOREN. Mr. President, I shall not prolong the discussion; I know the time is growing short. I do want to add my voice to those who have spoken in sup-

port of the amendment of the Senator from West Virginia.

I think my colleague from Nebraska is absolutely right: If we are going to get interest rates down, indeed, if we are going to bring down the inflation rate, we must break the inflationary psychology in this country. More important than perhaps any other factor is the expectation of the American people about what will happen to the inflation rate.

The single most important indicator to the American people of what will happen in the future is the size of the Federal deficit. If we are not able to reach a balanced budget by 1984, it will be a devastating blow to the psychology of the people in this country in terms of their expectations about the future direction of our economy. We have no choice, Mr. President. We simply must move to balance the budget and reduce the deficits as soon as possible.

Mr. President, I think it is incumbent on the administration to come forward now with the recommended areas where further reductions and expenditures should occur. I think it would be an important step in restoring the confidence of our people and in reducing the expectation that deficits will continue. Recent polls have indicated that the people expect large deficits to continue, that the people are skeptical about the promise of the administration to balance the budget by 1984.

Therefore, they spend now, instead of saving and waiting until the items which they are now buying are really needed. This continues to fuel the inflationary cycle in this country.

Mr. President, I think the amendment of the Senators from West Virginia is timely. I think it is important. I urge my colleagues to adopt it.

I yield the floor, Mr. President.

Mr. CANNON. Mr. President, as a cosponsor, I would like to express my unqualified support for the amendment being offered by the distinguished Senator from West Virginia, requiring the administration to identify programs that make up "future savings" in the administration's budget through fiscal year 1984.

Millions of older Americans are entitled to know if their social security benefits are the hidden victim of \$82 billion in unidentified cuts in the budgetary and economic assumptions of the administration. The unidentified cuts suggested by the Office of Management and Budget totaled \$44 billion in July, but have now exploded to \$82 billion.

The signs ominously suggest that this \$82 billion figure is the distant—but distinct—call of yet another assault upon the incomes of senior citizens. There is support for my fears, based, in part, upon testimony of OMB Director David Stockman before the House Budget Committee on October 1. At that time, Mr. Stockman indicated that basic social security retirement benefits should not be immune in future rounds of budget cuts. The unidentified cuts of the administration's economic assumptions for the next 3 fiscal years would suggest that social security benefits may well be in-

cluded in those mystery dollars adding up to \$82 billion.

In a letter to my Nevada constituents on October 1, I had predicted what we may well be seeing today with these unidentified cuts. In that communication, I stated:

What concerns me . . . is that there is a likelihood after the 1982 elections that the Administration will launch another assault on Social Security benefits. The Administration's call for a task force to recommend a solution to these problems by January, 1983, comes suspiciously right after the November, 1982, elections when the Administration hopes to increase its number of seats in Congress. Above all, while I want to help the President balance the budget, I am dismayed by this evident politicization of the Social Security issue.

Now is the opportunity for the administration to clarify these cuts for the American public. Those older Americans living on social security today and those nearing retirement are entitled to know, as a matter of decency and openness in Government, whether they can expect continuing attacks upon their livelihoods. They are entitled to know if they can count on the Federal Government to keep its part of the bargain; to honor the contract between workers and the retired and the social security system.

This information would also be revealing and critical for veterans, students, the poor, teachers, labor, minorities, and many other segments of our society who could be affected by these cuts.

Should this amendment be tabled or defeated, there is little interpretation that can be made, other than that the raid on social security will continue for years to come.

I urge my colleagues on both sides of the aisle to unite in their support for this important amendment.

● Mr. LEVIN. Mr. President, I would like to give my strong support to the amendment offered by the distinguished minority leader, Senator BYRD of West Virginia, to require the Director of the Office of Management and Budget to identify by November 15 the program cuts and revenue increases which the administration will be seeking in order to achieve its goal of a balanced budget in fiscal year 1984. As of now, the administration still needs to identify about \$82 billion in future savings for fiscal year 1982, fiscal year 1983, and fiscal year 1984.

Many Americans are concerned that some of these cuts will come out of the checks of social security recipients. If the administration's track record on other elements of the social safety net is any indication, these concerns are justified. What we can do here today by supporting this amendment is either to alleviate these concerns for good or to bring them to light now and prevent the administration from sandbagging the elderly sometime in the future.

The administration may say that it needs more time to formulate the cuts. But how is it consistent for the administration to pledge with certainty that the budget will be balanced but wilt when it comes to describing how it exactly intends to do it. All this amendment asks

is that the administration start talking straight to the American people and start talking now.○

Mr. DOLE. Mr. President, as I understand it, there are no other requests to speak.

Mr. MOYNIHAN. The Senator is correct.

Mr. DOLE. Based on my previous statements, I move to lay the amendment on the table. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment of the Senator from West Virginia on the table. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. McClure), the Senator from Alaska (Mr. Murkowski), and the Senator from Idaho (Mr. Symms) are necessarily absent.

I further announce that, if present and voting, the Senator from Idaho (Mr. Symms) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 50, nays 47, as follows:

[Rollcall Vote No. 313 Leg.]

YEAS—50

Abdnor	Gorton	Packwood
Andrew	Grassley	Percy
Armstrong	Hatch	Pressler
Baker	Hatfield	Quayle
Borah	Hawkins	Roth
Bochowitz	Hayakawa	Rudman
Chafee	Idins	Schmitt
Cochran	Idins	Simpson
Cole	Imphrey	Specter
D'Amato	Jepson	Stafford
Danforth	Kassebaum	Stevens
Denton	Kasten	Thurmond
Dole	Lanalt	Tower
Domenici	Lugar	Wallop
Durenberger	Mathias	Warner
East	Mattlingly	Wetcker
Garn	Nichols	
Goldwater		

NAYS—47

Baucus	Eagleton	Melcher
Bentsen	Evon	Metzenbaum
Biden	Ford	Mitchell
Boren	Glenn	Moynihan
Bradley	Hart	Nunn
Bumpers	Heflin	Pell
Burdick	Hollings	Proxmire
Byrd	Huddleston	Pryor
Harry F., Jr.	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Cannon	Johnston	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Stennis
DeConcini	Levin	Tongas
Dixon	Long	Williams
Dodd	Matsunaga	Zorinsky

NOT VOTING—3

McClure      Murkowski      Symms

So the motion to lay on the table was agreed to.

Mr. DOLE and Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BAKER. Mr. President, will the Senator yield to me for a moment?

Mr. DOLE. I yield to the distinguished majority leader.

Mr. MOYNIHAN. Mr. President, may

we have order? The majority leader is speaking.

Mr. BAKER. Mr. President, I understand there is another vote ordered now on the Pressler amendment.

I wish to make it a 10-minute rollcall, if there is no objection to that.

Mr. President, I ask unanimous consent that the next vote on the Pressler amendment be a 10-minute rollcall vote.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, will the Chair secure order in the Senate so that Senators may hear the request?

The PRESIDING OFFICER. May we have order in the Senate?

Mr. ROBERT C. BYRD. Mr. President, will the majority leader restate the request?

Mr. BAKER. Yes.

Mr. President, I thank the Chair and I thank the minority leader.

AMENDMENT NO. 588

Mr. President, I ask unanimous consent that the vote on the Pressler amendment which is about to occur be 10 minutes instead of 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The name of Mr. DeCONCINI was added as a cosponsor of the amendment.)

Mr. DOLE. Mr. President, I yield to the distinguished Senator from South Dakota to make a technical correction in his amendment before the vote.

Mr. PRESSLER. Mr. President, my amendment as printed in the Record contains an error. The word "that" in the final line should be "the." The amendment is correct in the printed amendment.

I ask unanimous consent that the change be made.

Mr. MOYNIHAN. Mr. President, will the Senator use his microphone? We are not able to hear him.

Mr. PRESSLER. Mr. President, my amendment as printed in the Record contains an error. The word "that" in the final line should be "the." The amendment is correct in the printed amendment.

I ask unanimous consent that this change be made.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from South Dakota.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS: I announce that the Senator from Indiana (Mr. LUGAR), the Senator from Idaho (Mr. McClure), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Idaho (Mr. SYMMS) would vote "yea."

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any Senators in the Chamber wishing to vote who have not done so?

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 314 Leg.]

YEAS—86

Abdour	Ford	Mitchell
Andrews	Garn	Moynihan
Armstrong	Glenn	Nickles
Baker	Goldwater	Nunn
Baucus	Gorton	Packwood
Bentsen	Grassley	Pell
Biden	Hart	Percy
Boren	Hatch	Pressler
Boschwitz	Hatfield	Proxmire
Bradley	Hawkins	Pryor
Bumpers	Hayakawa	Quayle
Burdick	Healin	Randolph
Byrd,	Heinz	Riegle
Harry F., Jr.	Helms	Roth
Byrd, Robert C.	Hollings	Rudman
Cannon	Huddleston	Sarbanes
Chafee	Humphrey	Sasser
Chiles	Inouye	Schmitt
Cochran	Jackson	Simpson
Cohen	Jepsen	Specter
Cranston	Johnston	Stafford
D'Amato	Kassebaum	Stennis
Danforth	Kasten	Stevens
DeConcini	Kennedy	Thurmond
Denton	Leahy	Tower
Dixon	Levin	Tsongas
Dodd	Long	Wallop
Dole	Mathias	Warner
Domenici	Matsunaga	Weicker
Durenberger	Mattingly	Williams
Eagleton	Melcher	Zorinsky
East	Metzenbaum	
Exon		

NOT VOTING—4

Lugar	Murkowski	Symms
McClure		

So Mr. PRESSLER's amendment (No. 585) was agreed to.

Mr. MOYNIHAN. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Madam President, if I could just take 30 seconds, I think we could expedite this. We want to move as quickly as we can. The Senator from Mississippi and the Senator from California wanted to state a few words. We are going to accept three amendments and have final passage, as far as I know, unless there are other amendments.

INTEREST ON SOCIAL SECURITY FUNDS

Mr. STENNIS. Madam President, I thank the Senator from Kansas.

Madam President, I have an amendment at the desk. It is an amendment of some consequence relating to the funds that are in the Social Security Fund which sometimes amounts to several billion dollars being put out at interest. The provision of the amendment is that it shall be put out at the usual market rate of interest rather than a preference rate.

Madam President, the amendment would require that all of the trust funds of the social security funds be invested in such investments as shall secure the maximum possible interest yield commensurate with the safety of the trust funds.

The reason for this amendment, Madam President, is that the record shows that, on June 30, 1980, there was an aggregate total of \$46.845 billion in the three social security trust funds—\$23.56 billion for old-age and survivors insurance; \$7.68 billion for disability insurance; and \$14.6 billion for health insurance.

This same report shows, Madam President, that the social security trust funds in fiscal year 1981 earned only 8.3 percent on its \$47 billion portfolio. We all know that money market funds, which were invested exclusively in government securities, earned 13.5 percent or more. A mathematical calculation shows that, if the social security trust funds had done as well, \$2 billion or 60 percent of the calendar year 1980 social security deficit would not have occurred.

This low rate of returns on these trust funds was not by accident. It was by design. The funds are managed by the Treasury Department, and it appears that, instead of trying to maximize the return on the social security trust funds, they have acted in the interest of the Treasury to try to minimize the return and thus reduce the interest on the national debt.

These trust funds are dedicated for the payment of social security benefits, and those who hold and invest them act in a fiduciary relationship. As such, it is essential, in my judgment, that the funds be invested so as to earn the maximum return possible commensurate with the safety of the funds. My amendment would charge the trustees of the trust funds with the duty to maximize the return on the funds to the greatest extent commensurate with safety. Far too much of these trust funds have been invested in so-called special issues of the Treasury Department. In fiscal year 1980, most of these special issues carried an interest rate of 7 percent. Only \$6.3 billion of the special issues carried a return in the 9 percent range.

I sincerely believe that it is mandatory that the trustees of the social security trust funds act as prudent businessmen and make every effort to increase the return on the social security trust funds.

Madam President, as I said, it would have been \$2 billion, according to my research, in favor of the social security fund if it had been loaned for the last year as the amendment would provide. Still, it is worthy of hearings.

Yesterday Senator PROXMIRE offered a similar amendment. We were working on it without each other's knowledge. As I understand it, the chairman of the committee said then that he thought it was worthy of hearings and there would be hearings.

I will not offer my amendment, under those circumstances, Madam President, but I will ask unanimous consent that it be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the end of the bill, insert the following: Sec. 2. (a) Section 201(d) of the Social Security Act is amended as follows:

(1) by striking out the first sentence and inserting in lieu thereof the following: "It shall be the duty of the Board of Trustees to invest such portion of the Trust Funds as is not, in its judgment required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yields, commensurate with the safety of the Trust Funds."

(2) by inserting immediately after "then forming a part of the public debt" the fol-

lowing: ", all marketable interest bearing obligations which are not obligations of the United States but which are guaranteed as to both principal and interest by the United States, and all marketable federally sponsored agency interest-bearing obligations that are designated in the laws authorizing their issuance as lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States".

(3) by striking out "which are not due or callable until after the expiration of four years from the end of such calendar month".

(b) Section 1817(c) of such Act is amended as follows:

(1) by striking out the first sentence and inserting in lieu thereof the following: "It shall be the duty of the Board of Trustees to invest such portion of the Trust Funds as is not, in its judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yield, commensurate with the safety of the Trust Funds."

(2) by striking out "which are not due or callable until after the expiration of 4 years from the end of such calendar month".

(c) Section 1841(c) of such Act is amended as follows:

(1) by striking out the first sentence and inserting in lieu thereof the following: "It shall be the duty of the Board of Trustees to invest such portion of the Trust Funds as is not, in its judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yield, commensurate with the safety of the Trust Funds."

(2) by inserting immediately after "then forming a part of the public debt" the following: ", all marketable interest bearing obligations which are not obligations of the United States but which are guaranteed as to both principal and interest by the United States, and all marketable federally sponsored agency interest-bearing obligations that are designated in the laws authorizing their issuance a lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States".

(3) by striking out "which are not due or callable until after the expiration of 4 years from the end of such calendar month".

Mr. DOLE. Will the Senator yield?

Mr. STENNIS. Yes, I yield.

Mr. DOLE. I can assure the Senator from Mississippi that there will be hearings. I know the Senator has had a longstanding interest in this and we want to try to accommodate that interest. We have assured Senator PROXMIRE and we make that same promise to the Senator.

Mr. STENNIS. I thank the Senator very much. Senator PROXMIRE and I are both interested. We just happened not to confer with each other about it.

Mr. DOLE. Madam President, I yield to the distinguished Senator from California.

Mr. HAYAKAWA. I thank the distinguished Senator from Kansas.

Madam President, I am concerned about the Finance Committee's amendment to restore the minimum social security benefit and to provide a stop-gap resolution to the funding crisis confronting the social security system. This legislation is not the proposal I had hoped the Finance Committee would report, knowing the serious circumstances of the system's financing. It is, in fact, exactly what I hoped would not happen: A return to the business-as-usual, shortsighted response to a long-term crisis. I

am extremely disappointed that a substantive bipartisan solution could not be achieved. What we do have is a temporary answer to social security's short-term financing needs.

The provision restoring the minimum social security benefit comes less than 2 months after the Congress resolved to eliminate it. The minimum social security benefit, as I understand it, is not an earned benefit. It is a minimum level of benefits paid to those who are entitled to social security, according to the formula used to calculate every other recipient's benefits, at a level of less than \$122. The minimum benefit is the amount over and above the benefits earned by the recipient to make a total of \$122.

In the Omnibus Reconciliation Act of 1981, the provision eliminating the minimum benefit did not take away earned benefits, just those added on to raise the total; so recipients would not be deprived of earned benefits if the provision were allowed to take effect. I recognize, however, that it is difficult to reduce benefits that individuals on fixed incomes receive, and causes a hardship to them.

I am pleased that the Finance Committee chose not to continue the minimum benefit for future retirees, but merely proposes to restore the minimum benefit for current recipients. That will insure that current beneficiaries do not have their benefits reduced, while future beneficiaries will receive only those benefits which are earned.

The stop-gap measure to temporarily save the social security system—interfund borrowing—is not the panacea that some would argue. It will do little more than transfer the burden of retirement benefits onto medicare and disability. Instead of coping with one trust fund going bankrupt, we will have to deal with all three being depleted.

As I said earlier, I would prefer a more farsighted approach to restoring social security to a sound financial base. The appointment of a task force to look into, and make recommendations on, a long term solution to this crisis is a consolation, at least. I fear, however, that what we need are fewer task forces and more action.

I have said that I am disappointed in this legislation. Nevertheless, I will support it. I want to see a healthy social security system as much as any one, and certainly do not wish to be viewed as an opponent of a congressional effort to save the system. However, I will support this legislation reluctantly. I say reluctantly because I believe we can, and should, do better.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

UP AMENDMENT NO. 485

Mr. DOLE. Madam President, I send a technical amendment to the desk and, while it is at the desk, I will explain it. It has been cleared with Senator LONG and others.

Madam President, it has been brought to our attention that there is an unintended loophole in the committee provision dealing with sick pay. Some em-

ployers have argued that the committee provision penalizes certain firms and fails to exact the social security taxes as intended from others.

It would be comparatively easy for the larger employers with more sophisticated accounting systems for handling payroll and related administrative matters to take advantage of the loophole. Thereby, they would avoid paying the tax and providing the added coverage for their employees. By contrast, smaller employers, and those with less elaborate accounting systems might not find it at all feasible to take advantage of the loophole. For them the avoidance of the tax through revised bookkeeping methods would be made difficult and costly.

This amendment will perfect the operation of the provision and make its administration less burdensome to business. The amendment applies the social security tax to all employer-financed sick pay—in the first 6 months—except that paid as insurance.

I urge my colleagues to accept this amendment.

Madam President, I know of no objection to the amendment. It has been cleared on both sides.

Mr. MOYNIHAN. Madam President, we very much support the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 485.

Mr. DOLE. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 10 of the Committee amendment, beginning on line 28, strike out "(but not including any such payment that is made directly to such employee from the regular wage or salary account of such employer)" and insert in lieu thereof "(but including, in the case of payments made to an employee or any of his dependents, only (A) payments made by an insurance company, other than payments (i) by an insurance company which is owned, to a substantial extent, by the employer, and (ii) by an insurance company under an administrative-services-only contract which provides for such company to be reimbursed only for the sickness or accident disability payments actually paid plus the accompanying administrative expenses and profit, and (B) payments which are required by a workmen's compensation or temporary-disability insurance law)".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 485) was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 486

(Purpose: To require counterfeitproof social security cards)

Mr. MOYNIHAN. Madam President, I send an unprinted amendment to the

desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) proposes an unprinted amendment numbered 486.

Mr. MOYNIHAN. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

**SOCIAL SECURITY CARDS**

SEC. . (a) Section 205(c)(2) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(D) The Secretary shall issue a social security card to each individual at the time of the issuance of a social security account number to such individual. The social security card shall be made of banknote paper, and (to the maximum extent practicable) shall be a card which cannot be counterfeited."

(b) The amendment made by this section shall apply with respect to all new and replacement social security cards issued more than 193 days after the date of the enactment of this Act.

(c) Within 90 days after the date of the enactment of this Act the Secretary of Health and Human Services shall report to the Congress on his plans for implementing the amendment made by this section.

Mr. MOYNIHAN. Madam President, this is a matter the Senate has been getting around to doing for some time, a small but important matter, that at the time of issuance of the social security account number, the Secretary shall issue a social security card to each individual that will be made of bank note paper and, to the maximum extent possible, shall be a card which cannot be counterfeited.

Madam President, I will not delay the Senate at this point, but I would like to read one paragraph from a recent General Accounting Office study on this subject. The GAO stated that: "While no reliable statistics are available on the extent of abuse of misuse of social security numbers and cards, crimes based on false identification which frequently include false or illegitimate social security numbers are estimated to cost the taxpayers more than \$15 billion annually."

There are some 10 to 13 million cards issued each year. About 5 to 8 million are new cards and about 4 to 7 million are replacements.

The issuance of a bank note card will cause a slight additional expense, but it will avoid, in many cases, the replacements, which are about half of those now issued.

I believe this to be a wise and prudent measure.

I ask unanimous consent that an article on this matter as it appeared in the Schenectady Gazette dated September 8, 1981, be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:



**BOGUS SOCIAL SECURITY CARDS CAUSE FOR CONCERN**

(By Gregory Gordon)

WASHINGTON.—Social Security cards are commonly counterfeited or stolen for use by illegal aliens and others to get jobs and collect billions of dollars in undue benefits.

Government probers say corrupt federal employees and private citizens, such as travel agents, are peddling the cards for up to \$200 to thousands of undocumented aliens, who usually use them to get jobs.

Illegals also are known to be fraudulently collecting unemployment and welfare checks and even food stamps and retirement benefits.

In addition, U.S. citizens are capitalizing on loose distribution of the cards by sometimes collecting unemployment checks with one card while holding a job under a separate Social Security number. Sources say one recent spot check showed three million persons had two Social Security cards.

"Everything (crooked) you can think of to do with the cards, they're doing," said one investigator. "A Social Security card is the key to the kingdom. To get any benefit, you need a number."

The General Accounting Office estimates the scandal costs taxpayers \$15 billion a year in government benefits paid to unqualified applicants using fake or stolen cards.

In a nationwide probe—called "Project Baltimore" because the Social Security Administration is based in Baltimore—the government already has won convictions of scores of persons caught illegally issuing the numbers.

But officials at the inspector general's office for the Department of Health and Human Services say most card cheaters go undetected because of lax procedures.

One federal prober, noting the Social Security Administration has only 120 investigators nationwide, said: "Who's going to catch you?"

In a Social Security field office, auditors reported, "A stack of more than 1,000 blank cards was found lying on the floor in an unlocked and well-lit area accessible to the public."

Health and Human Services Secretary Richard Schweiker declared in May all blank cards would be returned to the central office, but blank cards remain in most of the agency's 1,400 field offices, which have authority to issue duplicate cards.

An HHS spokesman said, "They are under stricter lock and key measures now," but several agency officials said privately the security problem still exists.

Investigators have found evidence of careless supervision of those who distribute cards; loose procedures for validating applications and little effort to trace individuals fraudulently obtaining cards.

An inspector general's audit in New York and Washington last year found nearly half the cards in those cities were issued to aliens. About 20 percent of those were given to incorrectly coded individuals; another 20 percent went to aliens not authorized to receive work-related numbers.

An investigator for the Immigration and Naturalization Service complained that all Social Security cards look identical, although "some are issued to aliens who don't have permission to work."

He said cards are often issued to aliens who say they need them to get insurance or put money in a bank, but use the card to get a job.

"Anyone can go down to Tijuana and buy any number of Social Security cards now," said another INS official.

Only two weeks ago, during a customs check in Laredo, Texas, border agents discovered a Mexican trying to enter the United States had a phony birth certificate used by three other persons. In his car, they found a cache of Social Security cards.

In a much-publicized case in 1980, five persons—including a former policeman, a court stenographer and a Social Security employee—were charged with running a clandestine warehouse operation in Los Angeles, where they printed 77,000 counterfeit SSA application forms.

With the help of the Social Security Administration employee, the forms were filled with the names of illegal aliens and sent directly to the agency's central data base for processing, bypassing the district office.

Three of the five were convicted in 1980. Two jumped bail.

"It goes with the line of work," said John Schwartz, a Social Security Administration official. "They (travel agents) know who the customers are. The people who need to get Social Security cards are aliens."

In New York, prosecutors won convictions earlier this year against two men who claimed to be priests and counterfeited immigration documents, which they sold to aliens along with Social Security cards.

Mr. DOLE, Madam President, I have discussed this amendment with the distinguished Senator from New York. I understand representatives of the Social Security Administration may be opposed to it. I fail to comprehend their opposition, however.

I have indicated to the Senator from New York that I am certainly willing to accept the amendment. Unless I have overlooked an obvious argument, it makes sense to me. It makes much more sense to provide for counterfeit proofing than to increase the jail term for those who do counterfeit. We adopted that amendment yesterday. I hope the amendment might be agreed to.

Mr. MOYNIHAN. I thank the Senator. Madam President, Senators D'AMATO, HARRY F. BYRD, JR., and BRADLEY ask to be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

If there be no further debate on the amendment, the question is on agreeing to the amendment.

The amendment (UP No. 486) was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 487

Mr. DOLE, Madam President, I send an amendment to the desk on behalf of Senators STAFFORD, RANDOLPH, SYMMS, and BENTSEN, and ask for its immediate consideration.

I understand the amendment has been cleared on this side with the majority leader, and it has been cleared on the other side, so far as I know.

Under current law the 4 cent per gallon excise tax on gasoline and other motor fuels will expire on October 1, 1984, and revert to 2 cents per gallon. The Highway Trust Fund into which the highway taxes are placed will also expire on October 1, 1984.

What this amendment would do is extend the current highway excise taxes for 5 years to October 1, 1989, and extend the Highway Trust Fund for 6 more years, to September 30, 1990.

I believe the Senator from Texas has had a long interest in this matter. I un-

derstand he has cleared this amendment, as has Senator STAFFORD.

Mr. BENTSEN. I will say to the distinguished chairman that is correct. It is a simple extension of the Highway Trust Fund. After conferring with Senator LONG and Senator RANDOLPH, I know of no objection.

Mr. MOYNIHAN. Will the Senator from Texas add me as a cosponsor?

Mr. BENTSEN. Madam President, I ask unanimous consent that the Senator from New York be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated. The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for Mr. STAFFORD, Mr. RANDOLPH, Mr. SYMMS, and Mr. BENTSEN, proposes an unprinted amendment numbered 487.

Mr. DOLE, Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

TITLE —HIGHWAY REVENUE ACT OF 1981

SHORT TITLE

SEC. . This title may be cited as the "Highway Revenue Act of 1981".

EXTENSION OF THE TAXES WHICH ARE TRANSFERRED INTO THE HIGHWAY TRUST FUND

SEC. (a) GENERAL RULE.—The following provisions of the Internal Revenue Code of 1954 are amended by striking out "1984" each place it appears and inserting in lieu thereof "1989":

(1) Section 4041(e) (relating to rate reduction).

(2) Section 4061(a)(1) (relating to imposition of tax on trucks, buses, etc.).

(3) Section 4061(b)(1) (relating to imposition of tax on parts and accessories).

(4) Section 4071(d) (relating to imposition of tax on tires, tubes, and tread rubber).

(5) Section 4081(b) (relating to imposition of tax on gasoline).

(6) Section 4481(a) (relating to imposition of tax on use of highway motor vehicles).

(7) Section 4481(e) (relating to period tax in effect).

(8) Section 4482(c)(4) (defining taxable period).

(9) Section 6156(e)(2) (relating to installment payments of tax on use of highway motor vehicles).

(10) Section 6421(a) (relating to tax on gasoline used for certain nonhighway purposes or by local transit systems).

(b) AMENDMENT OF SECTION 6412(a)(1).—Section 6412(a)(1) of such Code (relating to floor stocks refunds) is amended—

(1) by striking out "1984" each place it appears and inserting in lieu thereof "1989"; and

(2) by striking out "1985" each place it appears and inserting in lieu thereof "1990".

EXTENSION OF HIGHWAY TRUST FUND

SEC. (a) HIGHWAY TRUST FUND.—Subsections (c), (e)(1), and (f) of section 209 of the Highway Revenue Act of 1956 (relating to the Highway Trust Fund; 23 U.S.C. 120 note) are amended—

(1) by striking out "1984" each place it appears and inserting in lieu thereof "1990"; and

(2) by striking out "1985" each place it appears and inserting in lieu thereof "1991".

(b) CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.—Subsection (b) of section 201 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4061-11) is amended—



(1) by striking out "1984" and inserting in lieu thereof "1990"; and

(2) by striking out "1985" each place it appears and inserting in lieu thereof "1991".

Mr. DOLE, Madam President, I ask unanimous consent that certain statement be printed in the Record. This is a simple extension of existing law and does not preclude a review of the financial structure or the excise tax levels of the highway trust fund next year or at any time in the future.

I also ask unanimous consent that there be printed in the Record at this point a letter from the Secretary of Transportation.

There being no objection, the material was ordered to be printed in the Record, as follows:

THE SECRETARY OF TRANSPORTATION,  
Washington, D.C., June 10, 1981.

Hon. ROBERT DOLE,  
Chairman, Finance Committee, U.S. Senate,  
Washington, D.C.

DEAR BOB: One of the major transportation issues to be considered by the Finance Committee this session relates to the extension of the Highway Trust Fund. The Highway Trust Fund serves as the primary financing mechanism for the Federal-Aid Highway program. It finances the Interstate and primary highway system programs as well as many others. In order to provide the necessary revenue for increasing authorizations, Congress provided in the Revenue Act of 1956 that highway user taxes be credited to the Trust Fund. The Fund has been financed through user tax collection since 1956, and authority to impose taxes currently exists through 1984.

The Administration's proposed highway legislation, S. 841, provides for five year highway authorizations to extend from FY 82—FY 86. The authorization levels are based on an assessment of changes in highway conditions and performance since 1970, and an analysis of investments needed to maintain acceptable levels of performance on our nation's highways. Title III of this bill retains the Highway Trust Fund as the mechanism for Federal highway financing and extends the Fund's existence for six more years to September 30, 1990. The bill also extends current excise taxes allocated to the Highway Trust Fund for five years; that is, the rate reductions or expirations of highway taxes now scheduled for October 1, 1984, are deferred until October 1, 1989. Although no tax increases are proposed, it is necessary to extend the Trust Fund and the current tax allocations so that highway programs can be authorized beyond FY 82.

We would like to make clear that our proposed highway legislation, including the Trust Fund and tax extension proposals, is an integral part of the President's total program for economic recovery. Our proposals assure that the Federal-aid highway program will achieve national goals and interests, within acceptable budget levels. As you know, Congress has expressed strong support for the President's economic program and, in the budget process, both Houses have made clear their commitment to the President's program. Now the time has come to enact the specific laws that are necessary to give life to the President's budget. Our proposed highway legislation is an important part of this economic program, and we look forward to working with you to achieve enactment of this legislation.

The Office of Management and Budget advises that the views expressed in this letter are in accord with the program of the President.

Sincerely,

DREW.

● Mr. STAFFORD. Madam President, this amendment would simply extend the highway trust fund and the existing excise taxes for 6 years. This amendment would make no changes to the existing tax structure or the tax levels, and it would in no way preclude a comprehensive review of the highway trust fund structure and excise taxes next year or any time in the future.

The Senate Environment and Public Works Committee recently reported S. 1024, the Federal-Aid Highway Improvement Act of 1981, to the Senate. This legislation provides authorizations for the Federal-aid highway program through 1986. The committee believes multiyear highway legislation is absolutely necessary to provide the States with a stable program for effective long-term planning. In order to enact multi-year highway legislation, a simple extension of the trust fund is necessary.●

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (UP No. 487) was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Madam President, we are waiting for Senator LEVIN with the only other amendment I know about. I am prepared to offer it on his behalf, if that is satisfactory.

UP AMENDMENT NO. 488

(Purpose: To require that the statutory deadline for implementing AFDC home health aide demonstration projects be met for projects in at least seven States)

Mr. MOYNIHAN. Madam President, on behalf of Senator LEVIN, I send an amendment to the desk and ask for its immediate consideration. The amendment is offered on behalf of Mr. LEVIN and Mr. DOLE.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) on behalf of Mr. LEVIN and Mr. DOLE, proposes an unprinted amendment numbered 488:

At the end of the bill add the following new section:

STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

Sec. . The last sentence of subsection (c) (2) of section 966 of the Omnibus Reconciliation Act of 1980 (as amended by section 2156 of the Omnibus Budget Reconciliation Act of 1981) is amended by inserting "with at least seven States" after "agreements".

Mr. CHILES. Madam President, I move adoption of the amendment.

Mr. MOYNIHAN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. While Senator LEVIN is on his way, the Levin amendment requires that at least 7, but not more than 12, State demonstration projects relating to the training of AFDC recipients as home health aides be established.

The 1980 Omnibus Reconciliation Act requires the Secretary to enter into agreements with up to 12 States for the purpose of conducting demonstration projects for the training and employment of AFDC recipients as home health aides.

The Department has been slow to implement the demonstration projects notwithstanding prodding in the 1981 reconciliation conference report and a strongly worded bipartisan letter from Congressman CONABLE and nine other members of the Ways and Means Committee to Secretary Schweiker. To date it appears that the Department plans to proceed with only 2 demonstration projects, although 14 States have submitted applications.

CBO estimated that for minimal start-up costs of about \$2 million, the following savings could be realized in the AFDC and medical programs:

[In millions]

	AFDC	Medicaid
Fiscal year 1982.....	\$1	\$1
Fiscal year 1983.....	6	9
Fiscal year 1984.....	6	13
Fiscal year 1985.....	7	18

Madam President, this was originally a Dole-Talmadge amendment, unanimously approved by the Finance Committee in 1978 and subsequently unanimously adopted by the House Ways and Means and Energy and Commerce Committees as part of the Omnibus Reconciliation Act of 1980.

Mr. LEVIN. Madam President, my amendment deals with an issue with which the Finance Committee is quite familiar—the concept of utilizing AFDC recipients as homemakers for the purpose of providing Medicaid recipients with a long-term care alternative to nursing homes. This puts AFDC recipients to work and provides services to the medically needy and saves money on both AFDC and Medicaid programs. The program, after a brief initial startup cost of \$2 million, will save as much as \$25 million in fiscal year 1985 from both the Medicaid and AFDC programs, which is more than the projected savings in several of the AFDC reforms advocated by the administration.

Madam President, my amendment clarifies the intent of Congress on this issue by addressing a problem which has arisen as regards the number of projects to be funded and date of implementation of the program. It is my understanding that Senator DOLE, chairman of the Finance Committee and manager of the bill before us, has no objection to the measure and, in fact, is prepared to accept the amendment on behalf of the members of his committee.

The amendment requires that the statutory deadline, January 1, 1982, for

implementing AFDC home health aide demonstration projects be met for projects in at least seven States.

I will take a moment, Madam President, to explain why this amendment is necessary.

Three years ago, the Finance Committee unanimously incorporated the home health aide demonstration project into their medicare-medicaid reform bill as a result of a highly successful project in New Mexico. Further research by the Congressional Budget Office and another successful project in Michigan demonstrated such potential for significant savings that the home health aide demonstration project was subsequently, unanimously adopted by the House Ways and Means Committee and Energy and Commerce Committee and became part of the Omnibus Reconciliation Act of 1980.

CBO estimated that for the minimal \$2 million startup cost, the following savings could be realized in the AFDC and medicaid programs:

[In millions]

	AFDC	Medicaid
Fiscal year 1982.....	\$1	\$1
Fiscal year 1983.....	5	9
Fiscal year 1984.....	6	13
Fiscal year 1985.....	7	18

During the conference on the Omnibus Reconciliation Act of 1980, the House provision for no more than a 12-State demonstration was overwhelmingly accepted and specific provisions were made in the conference report to have the Secretary of HHS issue regulations by April 1, 1981, to begin demonstration projects by July 1, 1981. The law stated that preference was to be given to States that had demonstrated active interest and support for the AFDC home health aide demonstration concept and seven States were listed in the report as having showed interest. These States were California, Georgia, Hawaii, Michigan, New Jersey, New Mexico, and New York.

Earlier this spring, in testimony before the House Ways and Means Committee, the administration indicated that initial plans had been made for only 2 of the 12 mandated State demonstrations because of a scarcity of demonstration project startup money.

On March 18, 1981, a bipartisan group of members of the Ways and Means Committee wrote to Secretary Schweiker to reiterate their intent, and the intent of the House and Senate conferees on the Reconciliation Act of 1980, that these demonstration projects were entitlement provisions and, therefore, startup money to institute the 12 cost-saving demonstrations was readily available.

In an effort to make congressional intent perfectly clear, legislative and report language were included in the Reconciliation Act of 1981 that clearly spelled out the 12-State limit, the intention that regulations and guidelines be published by October 1, 1981, and that agreements be entered into by January 1, 1982. Additionally in the statement of managers, it was emphasized that at least 12 States were to be assisted by HHS to implement these demonstration projects.

Unfortunately, during recent communications with the Health Care Financing Administration, it was learned that HHS currently plans to proceed with only 2 of the 12 projects, even though 14 States have applied for this demonstration project. These States are New York, California, Michigan, Texas, Ohio, South Carolina, Hawaii, Georgia, New Jersey, District of Columbia, Florida, New Mexico, Arkansas, and Kentucky.

Madam President, my amendment would require that contracts are signed with at least seven States by January 1, 1982, the current law statutory date.

Madam President, I thank the Senator from Kansas and the Senator from New York as well as their staffs for protecting this amendment in the way they did. I am deeply indebted to them.

Mr. EAGLETON. Madam President, I move the adoption of the Levin amendment.

Mr. MOYNIHAN. Madam President, if it should transpire that in a very short while the Senator from Michigan wishes to make changes, I wish it understood that I shall propose those changes in the normal course of events.

The PRESIDING OFFICER (Mr. WARNER). Is there any further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (UP No. 488) was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. JEPSEN. Mr. President, on September 25, the joint economic subcommittee on monetary and fiscal policy held a hearing on the very issue we are debating today—the future of social security. Specifically, we examined how social security benefits affect the decision to retire and the savings decisions made by working men and women in this country. In addition, we examined the proper relationship between public and private pension plans.

As chairman of this subcommittee, I was privileged to have a former colleague of ours, Secretary Schweiker, present the administration's viewpoint on this issue. As one might expect the Secretary was questioned at some length about the administration's proposals for restoring financial stability to the Social Security Trust Funds.

This is a very important point, which should not be overlooked. The administration's proposals were made in order to restore financial integrity to the Social Security Trust Funds. This was not something the President did in order to balance the budget, as some people might have us believe. It was not due because of some desire to dismantle the social security program. Quite frankly, if this was the desire of the administration, they could have simply left the program as it was.

Instead of questioning the motives of the President, I think we should be praising him for having the courage to

draw attention to the seriousness of the problem facing the social security system. When the social security program was started over 40 years ago, a promise was made to the working men and women of this country that when they retired, social security would be there to provide basic retirement benefits. Everyone knows that unless changes are made, we will be unable to keep this promise and I do not believe Congress or President Reagan want to see this happen.

I would point out to my colleagues that many workers doubt whether or not we will be able to make the necessary changes to insure the future of social security. In a poll conducted earlier this year by Lance Tarrance and Associates, a national public opinion research firm, it was found that 68 percent of all Americans believe social security is in financial trouble and most of these people are also worried about the adequacy of their own retirement income.

I believe the bill we are discussing today will help to alleviate some of these fears and because of this I plan to support this measure. But I want my colleagues to understand that interfund borrowing and restoration of the social security minimum benefit will not solve the problem, it will only postpone the day of reckoning. Short-term solutions such as this are like putting a bandaid on a gunshot wound. You have only covered up the problem, you have not solved it.

In response to this need for long-term answers, President Reagan has announced the formation of a bipartisan task force to examine the situation and make suitable recommendations. I would hope that this task force can act in a bipartisan fashion. Politics has no place in the social security debate.

If anyone needs any proof of the damage politics has done to the social security system, compare it to any private insurance fund. To my knowledge, no private insurance company has ever failed to pay benefits because of a lack of funds. There is a logical reason for this, Mr. President.

Private insurance funds are managed in a fiscally responsible manner and are not subject to the political pressures we have placed on social security. Unless we can remove the social security debate from a political arena to one where it can get the serious attention it deserves, I am concerned that we may not come up with the necessary solutions.

In closing, I would like to congratulate Senator DOLE and Senator ARMSTRONG for bringing this bill to the floor in such a timely fashion. It is refreshing to see a committee act in such a swift manner on an issue of such national importance. I trust this will continue as the Congress continues debating social security.●

● Mr. BRADLEY. Mr. President, I intend to vote for this bill which will restore the social security minimum benefit for most current recipients and provide for necessary short-term measures to assure the financial integrity of the social security system.

While I think these provisions are necessary, I do not believe that they are sufficient. The minimum benefit should

be restored to all current beneficiaries. I have consistently opposed the administration's drive to eliminate this benefit which is crucial to so many older Americans, including a disproportionate number of elderly widows. I remain firm in my support for full restoration, and it is my hope and expectation that the Senate-House conference will agree with me that cutting the minimum benefit payments was and is the wrong way to make budget savings. ●

● Mrs. HAWKINS. Mr. President, today the Senate considered changes in the social security system to improve its short- and long-term solvency, after previously passing a Finance Committee amendment that partially restored the minimum benefit. I voted for H.R. 4331 despite misgivings.

Under current law, specific percentages of social security tax receipts are allocated to the three Social Security Trust Funds, the Old Age and Survivors Fund, the Disability Fund, and the Hospital Insurance Fund.

Forecasts made by the Congressional Budget Office and Office of the Actuary of the Social Security Administration predict that Old Age and Survivors Fund will fall into deficit during fiscal year 1982, although a combined surplus of over \$40 billion will exist in the other two funds.

Therefore, I agree with the Finance Committee's recommendation to permit the OASI Fund to draw support from this \$40 billion pool during the next 10 years.

By combining the financial strength of the three trust funds, we can guarantee all social security benefits will be paid until the 21st century, assuming the administration's economic projections are accurate.

As part of the Omnibus Reconciliation Act of 1981, Congress eliminated the social security minimum benefit not only for those who would receive it by retiring in the near future, but also those who left the workforce many years ago.

I understand and agree with the need to lower Federal spending, but cutting benefits to those who objectively have the least ability to absorb the difference by making up the difference elsewhere is unfair and just plain wrong.

The committee amendment restored the minimum benefit for those who now receive it, but wrongly left out those who will retire 2 months from now and beyond. They too have long included the minimum benefit in their plans and are depending on the Government to keep its promises.

To pay for this partial restoration of the minimum benefit, the committee recommended new limits on benefits paid to certain families of retired or deceased workers. Currently, regardless of their size, families receive assistance equal to 150 percent of the amount of help that disabled workers would receive if he or she were single.

Alternatively, such families receive an amount equal to 85 percent of the average wages they earned before disability, when adjusted for inflation, if this method results in a smaller payment.

The committee amendment extended

these tougher limits for the first time prospectively to retired and surviving families. In some cases, that means benefits paid to widows with children will be more than 20 percent lower if they become eligible in 1982 rather than in the summer of 1981.

This approach raised half the money needed to partially restore the minimum benefit. However, taking funds from one vulnerable group to keep promises to another is also unjust.

To raise the remaining funds, the committee also recommended, and the Senate agreed to, levying social security taxes on the first 6 months of sick pay provided under company plans. While the sick usually recover and therefore have a somewhat easier time adjusting to lower assistance than those who have retired, this trade off is a harsh one, too.

To conclude, the Senate has chosen ways to finance a partial restoration of the minimum benefit that only marginally advances the equity of the system. A better proposal would at least fully restore the minimum benefit for those already retired and those without sufficient time to make adjustments.

We should not demand new sacrifices from others also in need of previously promised assistance. Therefore, it is with reservation that I cast my vote in favor of H.R. 4331 as amended.

However, the emergency need to authorize interfund borrowing plus the need to keep our promises at least to some who have counted on receiving the minimum benefit provide just enough reason to support an affirmative vote. ●

● Mr. DODD. Mr. President, I believe the Senate should act affirmatively on the Finance Committee Amendment to H.R. 4331. This amendment is a package of social security financing proposals, particularly restoring the minimum benefit, providing for interfund borrowing authority, and adjusting the share of tax revenues available to each trust fund.

On May 20, by a vote of 96 to 0, the Senate passed an amendment to the Omnibus Supplemental Appropriations bill expressing its sense that Congress not reduce social security benefits. By acting affirmatively on the Finance Committee amendment, the Senate fulfills the promise it made on May 20.

Previous administration proposals to reduce social security benefits, including the minimum benefit, violated our commitment to older Americans and took from those least able to sacrifice. Such proposals broke the promise made to our senior citizens, weakening not only their faith but also the faith of all Americans in the integrity of the social security program.

The provision to eliminate the minimum benefit contained within the Omnibus Reconciliation Act of 1981 jeopardized the confidence which our older constituents had placed in Congress as well as that of generations to come. Today, we must act affirmatively to restore that confidence. If we do not, we may shake Americans' faith in their Government irrevocably.

Confidence and faith in government are not the only things we will seriously

undermine if we do not act affirmatively on this proposal. We will also endanger the health and well-being of some three million beneficiaries now dependent upon the minimum benefit to help pay for food, shelter, and medical care. Without the minimum benefit, some of these truly needy older Americans will not have enough to eat. Others will not have enough money to pay for heat through the winter. Still others will have trouble just finding a roof they can afford to keep over their heads.

I am certain that all of us have received hundreds of letters from our constituents, urging us to restore the minimum benefit. Even so, it is difficult for us to put faces on the millions of senior citizens who will be affected if we fail to act. Let us not forget that of the three million beneficiaries of the minimum benefit as it now stands, 750,000 are more than 80 years old. The vast majority of the remaining 2,225,000 recipients are more than 70 years old. Thus, most of the recipients are our very oldest citizens.

Our statisticians tell us that up to 75 percent of all senior citizens receiving the minimum benefit are women, many of whom are destitute. The minimum benefit is often the only source of income they have to alleviate poverty caused by many years of job and wage discrimination.

Unless we restore the minimum benefit, these women, along with other recipients, will be forced to depend upon relatives or accept welfare. Many have no relatives able to support them. Others always refused to accept welfare or charity before. We do not know if they would apply for welfare even if threatened with starvation.

Mr. President, I have reservations about the provision within this amendment which will eliminate the minimum benefit for those receiving pensions in excess of \$300. Any changes in the social security system should not deprive those presently on the social security rolls of benefits they have relied upon. I am also concerned that it will cost more administratively to prevent these pensioners from receiving the minimum benefit than it would to give them the benefit.

As a member of the Committee on Aging, I heard the administration testify earlier this year that it would require more than 9,000 man-years merely to identify alleged windfallers such as pensioners receiving the minimum benefit. The administration now asserts that they can identify windfallers without relying upon the 9,000 man-years of their employees. I sincerely hope that they can do so without entangling us in wasteful, administrative knots.

The Senate did not make the proper decision in defeating an amendment to establish a Social Security Trust Fund with revenues collected by repealing for new leases only the 1981 reductions in the crude oil windfall profit tax.

I regret that the Senate decided not to transfer revenues now lost to the Government to our Social Security Trust Funds to ease their short-term funding problems.

These revenues will only be gravy for

the 50 largest oil companies responsible for producing new oil whereas they might have been basic meat and potatoes for older Americans dependent upon their social security checks.

Despite these regrets, I had no realistic alternative in terms of sound public policy in approving the Finance Committee package. This package restores the short-run solvency of the social security system by providing for interfund borrowing authority and adjusting the share of tax revenues available to each trust fund.

According to a February, 1981 CBO study, there are significant differences in the projected future balances of the three Social Security Trust Funds. While the OASI trust fund was predicted to expect a positive balance of only 4.7 percent of outlays at the beginning of fiscal year 1983 and an actual negative balance at the beginning of 1984-86, the DI and HI Trust Funds were predicted to enjoy balances of at least 24 percent in 1983 and over 50 percent in 1984-86. In 1986, the DI Trust Fund percentage balance was predicted to enjoy a percentage balance of over 100 percent. Under interfund borrowing or realignment of tax rates, roughly \$40 billion could be shifted from DI and HI to OASI for the purpose of protecting solvency through mid-1984. Protecting solvency in the short run will give us the time to examine alternative ways of solving the longer term financing problems.

Mr. President, passage of this legislation will renew our commitment to the social security contract made with the American public in 1935. We must continue to insure that any future reforms of the social security system to ease financing problems will be gradual and equitable.●

Mr. COHEN. Mr. President, perhaps the most difficult and challenging issue facing the Congress this year is reforming the social security system.

There is no question that Congress has a responsibility to honor its commitment to those who have retired or are nearing retirement. Moreover, Congress must insure the long-term financial solvency of the social security system so that younger workers can claim their earned benefits when they retire.

In order to do so, Congress will have to pass reforms, many of which will generate controversy. Certainly no proposal has generated more controversy than the proposed elimination of the minimum benefit.

Past debate on the minimum benefit has focused on the need to eliminate so-called unearned benefits to those individuals with short work histories in social security covered employment. Providing a minimum benefit to many of these individuals over the years has placed a strain on the social security system. Whether we can afford to continue this practice is the central issue in the debate over the retention of the minimum benefit.

For a large number of elderly Americans, however, the minimum represents their sole source of income. Many of these individuals—perhaps 85 to 90 percent—are women. Nearly 80 percent are

age 65 or older. Nearly half a million are over age 80, and about 80,000 are over 90. Clearly, the elimination of the minimum benefit for these individuals could only mean additional hardship.

I commend the Senate Finance Committee for its efforts in devising this compromise proposal which is before us today. I believe the bill we are considering strikes a reasonable compromise between the need to protect the elderly needy in our society, while lessening the drain on the social security system.

I support this measure because it is just and fair. Those who have no other means of support, and who rely heavily on the minimum benefit, will be totally protected. Those with small Federal pensions who are also heavily reliant on social security will also be totally protected.

I believe this proposal is just, compassionate, and deserving of the support of the Senate. I urge the adoption of the bill.

Mr. STENNIS. Mr. President, the bill pending before us will have the beneficial result of restoring the minimum social security benefit for all persons who are eligible for such benefits before November 1981 and who are residents of the United States. There are some exceptions to this with respect to those receiving the minimum benefit who also have governmental pensions. There has been a great deal of confusion during the debates this year about the application of and entitlement to minimum social security benefits. All of the facts have now been developed, and, with these facts before me, I am happy to support this bill.

I certainly believe that it would be a serious mistake for the Congress to leave the situation in such a state that needy social security retirees do not receive at least the minimum benefit of \$122 per month. This is a small amount which will at best barely supply minimum food and lodging.

These people have worked and paid into the social security system for some period of time, although not for long enough to receive higher benefits. They are certainly entitled to something and, despite the confusion which has sometimes existed with respect to the minimum benefits, I am glad to support them now.

In addition, Mr. President, the Finance Committee bill provides that the aggregate tax rates for old-age and survivors insurance, disability insurance, and hospital insurance remain, for the future, at the same amount as provided by present law. However, the bill does provide that the amount of tax allocated to old-age and survivors insurance be increased for 1982 and thereafter and that the tax rate allocated to disability insurance should be reduced for 1982 and thereafter. In addition, the bill permits interfund borrowing between the old-age and survivors insurance and the disability insurance trust funds in amounts and at the discretion of the Secretary of the Treasury, who is the managing trustee.

I believe that these are wise provisions and will help the short-term financial situation of the trust funds, particularly

the old-age survivors insurance trust fund.

I strongly support this bill and hope that it will be passed by a substantial majority of the Senate.

Mr. KENNEDY. Mr. President, I am pleased today to see that so many of my colleagues from the other side of the aisle are now prepared to agree with those of us who have been saying for months that the administration's social security proposals went far beyond what is needed to solve the trust funds' short term problems. The administration's plan to penalize early retirees and cut benefits for other senior citizens was nothing more than a veiled attempt to balance the budget on the backs of the elderly.

I just want to point out that I, along with the vast majority of my colleagues on this side of the aisle, have supported the proposal to permit interfund borrowing since the day the administration announced its ill-conceived cuts in social security.

Senator MOYNIHAN, Senator CHILES and I offered an amendment to authorize interfund borrowing. It was defeated 51 to 54, with only one Republican voting with us.

We said that interfund borrowing would address the immediate short-term financing problem in the system and permit consideration of the potential long term problems in a calm, deliberative fashion. Secretary Schweiker, in testimony before the Finance Committee, supported this idea. Four former Directors of the Social Security Administration supported it at a policy forum I held back in May when the President announced his program.

Yet for the last 5 months the senior citizens of this country have been told that the system was verging on collapse and that the financial crisis required immediate draconian cuts in benefits.

The proposal before us also restores the minimum benefit for most current beneficiaries. The President said in his address to the Nation 2 weeks ago that he was "asking" that the minimum benefit be restored, implying that the Congress was solely responsible for its elimination.

It is time to set the record straight. Just last March, it was the President who called for eliminating the minimum benefit.

It was the President's Office of Management and Budget that characterized the minimum benefit as an "obsolete, unearned windfall and a welfare add-on."

It was the Reagan administration who told those senior citizens now trying to survive on the minimum benefit that they could always go on welfare.

It was the President who wrote to Senator BYRD last July and suggested that "opportunistic political maneuvering especially designed to play on the fears of many Americans" lay behind initiatives to restore the minimum benefit.

The public did not accept that explanation then and does not believe it now. Senior citizens know that it was the administration who wanted to cut

benefits and concerned Democrats who worked to restore them.

On six separate occasions before today, Members of this body have had the opportunity to restore the minimum benefit. On each occasion, the majority of Republicans voted against those amendments.

I am pleased that so many of my colleagues are now willing to change their minds and their votes.

Although I have reservations about certain elements of the Finance Committee's proposal, I will vote for it. I believe it offers a reasonable and responsible solution to the financing problems facing social security in the next few years.

It is a significant departure from the administration's draconian proposals and a significant victory for our Nation's senior citizens. Our actions here today renew our Nation's contract with those seniors who have paid into social security over the years and now rely on those benefits.

Our action here today reaffirms this Nation's commitment to maintain a financially sound social security system without cutting benefits. Our action should reassure all those still working who doubt whether social security will be there when they retire.

Over the months, my Democratic colleagues and I have argued that we cannot allow a questionable economic program to undermine and endanger the financial security of those citizens now retired and those about to retire. I am pleased that today so many of my Republican colleagues now see the wisdom of our arguments and will vote to preserve the integrity of the social security system.

Mr. THURMOND. Mr. President, the legislation before the Senate pertaining to social security has my support. This proposal was reported unanimously from the Senate Finance Committee. It would: First, restore the social security minimum benefit to most current recipients; second, alleviate the short-term financial crisis facing the social security retirement trust fund (OASI) by temporarily shifting tax receipts from the disability (DI) and medicare (HI) trust funds into the OASI fund and by authorizing inter-fund borrowing; and third, recoup the cost of restoring the minimum benefit by making relatively minor changes in FICA taxation of sick pay and by lowering the cap on the maximum family benefit paid in retirement and survivor cases.

#### THE MINIMUM BENEFIT

Mr. President, within the last few months there has been much highly emotional debate about the consequences of terminating the minimum social security benefit, an action agreed to by Congress in the omnibus budget reconciliation bill, which was signed into law on August 13, 1981. Evident in this debate and in the eyes of the public is a widespread misunderstanding of the nature of the minimum benefit and the income situation of most current recipients.

Fundamentally, it is important to understand that at least part of the \$122 per month minimum payment is an "unearned" benefit; that is, it exceeds the

benefit to which the recipient would be entitled using the benefit computation formula applicable to all other social security recipients. This formula relates benefits to actual earnings and FICA tax contributions under social security covered employment. If, for example, the standard benefit formula indicated that a person had earned a monthly benefit of \$50 based on an abbreviated work history under social security, the person would nevertheless receive at least another \$72—total of \$122—in the form of an add-on, unearned benefit.

In the reconciliation bill passed a few weeks ago, Congress did not wipe out all social security benefits for current or future recipients of the minimum payment. Rather, only the unearned portion of the benefit would be ended, and all eligible persons would then receive the amount of benefits to which they would be entitled based on actual earnings under social security covered employment. Thus, it is incorrect to state, as some have, that minimum beneficiaries are being deprived of social security payments which they have earned during their working years.

In fact, the average individual receiving a minimum benefit would get \$2,122 social security in 1982, based on lifetime tax contributions to the social security system of less than \$355. For an average couple receiving an initial minimum benefit in 1982, their projected lifetime social security benefits of more than \$100,000 would be about 300 times the amount of FICA taxes paid into the system during their working years. Clearly, we are not speaking here of an "earned" benefit.

Not only has there been a great deal of erroneous rhetoric about what the minimum benefit is, there has also been much misunderstanding of the true income situation of the 3 million recipients of the minimum benefit. The fact is that many, if not most, of the minimum beneficiaries are not low income people. Approximately one-half million current recipients of the minimum also receive substantial pensions from previous career government employment, or are married to spouses who receive such pensions.

Another 300,000 minimum beneficiaries have spouses who are still actively employed; some 35,000 recipients currently reside outside the United States; about 1.2 million are only technical minimum beneficiaries whose social security checks would not be diminished by the recent change in the law; and some 500,000 current minimum recipients are also eligible for supplemental security income (SSI), which would increase dollar for dollar to offset any loss of social security after recomputation of regular benefits. When a careful analysis is made of those receiving the minimum benefit, it becomes apparent that termination of the minimum benefit is not a callous action that will devastate the poor. There are various social safety net programs available, such as SSI, food stamps, and medicaid, which can be drawn upon to provide necessary protection for the elderly poor.

Nevertheless, Mr. President, it must be

recognized there are elderly persons who now receive the minimum social security benefit who at least feel that the minimum benefit is something they or their spouses have earned, and they are reluctant to apply for public assistance benefits such as food stamps or SSI. There are also some elderly minimum recipients, such as low income, retired farmers, who could not now qualify for SSI because of the strict limitation on owned assets applicable to that program. For these and other reasons, President Reagan and the Senate Finance Committee have recommended that the minimum benefit be restored for most current recipients. I support this action.

The pending Finance Committee amendment would not restore the minimum benefit to those persons who no longer reside in the United States. Such foreign residents would only get the amount of monthly social security benefits they have earned based on previous social security covered employment. Also, current retirees with governmental pensions would have their social security minimum benefit reduced dollar-for-dollar for the portion of their governmental pension above \$300, but not below the amount of benefit to which their actual social security covered employment would entitle them.

Members of religious orders who have taken a vow of poverty would continue to receive at least the minimum benefit for the next 10 years. In the case of all other future retirees, however, the minimum benefit floor would be eliminated and insured persons would receive whatever amount the benefit computation formula determines, based on their actual earnings record.

Mr. President, I believe the Finance Committee proposal is eminently fair and reasonable in its approach to this highly emotional issue. I am pleased to endorse this recommendation.

#### REALLOCATION OF FICA TAX AND INTERFUND BORROWING

Mr. President, in order to stave off imminent bankruptcy of the old age and survivors benefits insurance trust fund, the Finance Committee has recommended a combination of temporary reallocation of FICA tax receipts among the three social security trust funds, plus authority for interfund borrowing. It must be emphasized that this is only a temporary, patchwork solution to the serious financial problems facing the social security system. These are problems that must be confronted and resolved in a responsible, bipartisan manner, so that current and future social security recipients can count on receiving benefits they have earned.

Obviously, there is no easy painless solution to the financial dilemma facing social security. I do not pretend to have all the answers, but I would like to take this opportunity to make a few observations about the approach I believe should be taken.

First, I do not believe further increases in the social security (FICA) tax above those already scheduled can be tolerated by either employees or employers. The 1977 social security amendments imposed the largest tax increase in our Nation's



history. To further boost the tax on workers and businesses at this time would be intolerable and counterproductive to the economic recovery plan upon which this administration and Congress have embarked.

Second, I do not favor using general tax revenues to finance basic social security programs, the cost of which have been borne equally by employers and employees since the beginning of the program. Such a change in financing would alter the philosophy underlying social security as an earned benefit and convert it into another welfare program. Moreover, there simply is no spare money in the Treasury to pay for these benefits.

Third, the approach which I believe must be taken, Mr. President, is to adjust the type and amount of social security program benefits in line with a reasonable projection of expected future FICA tax receipts, with allowance for adequate reserves in the several trust funds. I believe we need to reaffirm the original purpose of the social security program—that of providing a supplemental source of income in retirement years based on the actual earnings record of the insured person—and return the program primarily to that central role for which it was intended.

This will necessarily mean that some of the "welfare-type" benefits that have been added to the basic social security system over the years will have to be scaled back or eliminated. Nevertheless, Mr. President, I believe this is the more reasonable, responsible approach, and I hope we can proceed expeditiously in this direction.

This legislation is only a temporary, band-aid solution, Mr. President. It buys a little more time, which I hope will be profitably used to draft a responsible, well-reasoned, bipartisan plan that will insure the long-range solvency of the social security program. If this process begins soon and is diligently pursued, I am confident that any abrupt reduction in social security benefits can be avoided. Instead, beneficiaries will be able to plan for whatever adjustments might be necessary, and the long-range stability of a worthwhile social security program can be maintained.

Mr. SASSER. Mr. President, I intend to vote on final passage for H.R. 4331 which provides for at least partial restoration of the minimum benefit and which provides for interfund borrowing among the old age survivors and insurance (OASI) and disability insurance (DI) trust funds. Interfund borrowing along with the reallocation of tax rates that provides revenues for the three social security trust funds will help keep the social security system solvent during the years ahead. Then the Congress can turn its attention to addressing the other long-term revisions that may have to be made in the social security system to keep it operating in the 21st century.

The Senate's action today fully recognizes that there are short- and long-range problems affecting the social security system. This was my contention when I offered an amendment to the tax cut bill that directed the Senate Finance Committee to report to the Senate by

November 15 legislation that would permit interfund borrowing among the social security trust funds. That amendment was adopted by an 89-to-4 vote on July 24, 1981, and the Senate Finance Committee has kept to its deadline by its amendment to H.R. 4331 today that provides for interfund borrowing and a reallocation of the tax rates among the three trust funds.

I am also gratified that the Finance Committee has seen fit to restore the minimum benefit to current recipients. Without this legislation, many elderly and dependent individuals, mainly elderly widows, would have lost social security benefits and have been told to apply for benefits under the SSI program or State programs of general welfare. We know that many of these individuals would have been "lost" in the transition and probably would have just gone without. They would have been the frontline soldiers in the fight against inflation, though their only "crime" would have been to have been a low-wage worker, a farmer, a domestic, or the spouse of a minimum-wage worker.

The House by a vote of 404 to 20 restored the minimum benefit on July 31. The Senate now takes similar action in restoring the minimum benefit.

Mr. MITCHELL. Mr. President, the bill that the Senate is about to vote on represents an important first step in solving the financing problems of social security. I believe that it is important in several respects.

First, passage of this bill is an implicit rejection of the harsh approach recommended earlier this year by the President. This approach called for drastic benefit cuts for new retirees, with the heaviest burden falling on individuals who retire before age 65.

These proposed cuts were motivated by the budget problems confronting the administration. Pressed to find ways to reduce the deficit, the administration offered a package that would cut social security benefits by over \$50 billion over the next 5 years. Yet they recognized that Congress would not likely go along with using social security as part of a budget-balancing plan, so the proposals were cast as a solution to the cash shortage facing the system. A set of extremely pessimistic economic assumptions were used to show sizable near-term deficits in the trust funds, in marked contrast to the optimistic forecasts used in the budget and tax plans. The administration was apparently not bothered with this inconsistency.

But those of us in Congress were not fooled by such a ruse. Although all of us are committed to balancing the budget as soon as possible, we recognize the central role that social security has in the retirement plans of the majority of working Americans. Earlier this year, the Senate rejected the administration's approach on a 96-to-0 vote. Our actions will be based on a more realistic view of the short-term financing issue.

A second important aspect of this bill is the transfer of funds among the three social security trust funds. This is accomplished through a realignment of the social security by payroll tax and

through the authorization of borrowing between the retirement and disability trust funds.

This is clearly the most sensible approach to correct the cash shortage confronting the retirement fund. Since the other two trust funds will be running surpluses, it only makes sense to transfer revenues among the three trust funds. After earlier attempts by Democratic Senators to authorize interfund borrowing were rejected, the Republicans have finally recognized the value of this measure.

According to the administration's economic forecast and that of the Congressional Budget Office, this action should be sufficient to prevent trust fund reserves from falling to levels that would threaten monthly benefit payments. Unfortunately, this conclusion is very sensitive to the performance of the economy.

If the economy fails to perform, as expected by the administration and CBO, further measures will be necessary. In this regard, I am disappointed that the Senate rejected the proposal to recapture revenues by repealing the recently enacted windfall profit tax breaks and transferring them to the social security trust funds.

Finally, the partial restoration of the minimum benefit included in the bill addresses another pressing social security issue. The elimination of the minimum benefit that was part of the reconciliation bill was a very unfair and unwise reduction in benefits that the poorest retirees are currently receiving. I opposed this reduction throughout the budget-cutting process, starting in the Finance Committee and continuing on the Senate floor. This bill is a good, although belated, move on the part of the Senate. I am particularly pleased that this bill includes my amendment to delay the termination of the minimum benefit for members of religious orders for 10 years. I believe that this amendment adequately addresses the unique situation that members of religious orders are in.

Mr. PERCY. Mr. President, for many years, as a member of the Special Committee on Aging, I have followed closely this year's debate on the social security system's financing problems—a debate which began last May when the President announced his proposals for reforming the system.

The Senate swiftly moved to reject parts of the administration's proposal with a resolution that many of us sponsored because they would have taken away benefits from persons planning to retire as early as next January. We thought this was unfair and acted quickly to reassure those who might have been affected. Although we did not agree with all parts of his proposal, the President had the courage to put the problems of the social security system on the table along with his recommendations to solve them. He got our attention at the time, and I for one appreciated what he did because it made us address the problem. And it appeared as a result that a majority in Congress agreed that the system's problems were serious and that something ought to be done.

The Aging Committee under the dis-



tinguished leadership of Senator HEINZ, its chairman, and Senator CHILES, its ranking minority member, held a series of hearings in the months that followed to explore all aspects of the social security system's problems, both in the short and the long term. All the experts who came before the committee agreed that there was an imminent short-term cash shortage facing the Old Age and Survivors' Insurance (OASI) trust fund that jeopardized the timely payment of benefits next year.

These same witnesses testified that a few years later the problem was expected to spread to the other trust funds, assuming Congress authorized interfund borrowing, unless the economy performed a miracle. Under such optimistic economic assumptions, the trust fund ratios would become critically low, but could get by and continue to make payments in the short term. But it was the consensus of our witnesses that this approach was too risky, that further steps should be taken to shore up the system in the next 10 years.

Because of the many concerns and fears expressed to me about the plight of the social security system and its ability to survive, during the August recess I conducted an Aging Committee field hearing in Evanston, Ill. The purpose of the hearing was simply to let people in my State know the seriousness of the system's problems and their cause and to get their input on how best to solve these problems. As one might expect, we did not reach a consensus that day. We had a very lively debate about the merits of different solutions. We did, however, agree that the social security problems were real and that Congress had a responsibility, a commitment, to preserve the social security system, both for those now receiving benefits and for those who are paying the taxes which support it.

I came away from the hearing convinced that even though there was a great deal of disagreement and that no solution would be easy or painless, we in Congress would do a disservice to the American people by allowing the system to struggle along year after year with the fear of bankruptcy hanging over the heads of millions of beneficiaries, shattering the public's confidence in the world's greatest social insurance system.

Like many other Senators, including the very capable chairman of the Finance Committee, Senator DOLE, I am disappointed in the measure before us because it only addresses a small part of the social security problem. It only postpones the short-term financing problem and means that we will be back here again in 2, possibly 4 years, debating how to avoid another imminent funding crisis. And the bill completely ignores the long-term imbalance that will occur in the next century when the baby boom begins to reach retirement age.

The committee's measure, however, does make two very necessary and important changes. First, it restores the minimum benefit to almost all its recipients. Only persons with Government pensions above \$300 per month will have their minimum benefit reduced. It will

be offset dollar for dollar by the amount the pension exceeds \$300, but in no case will the social security benefit be reduced to a level lower than the amounts of the benefit based on actual earnings. According to the Social Security Administration, 2.7 million of the 3 million minimum beneficiaries would continue to receive the full minimum benefit.

So that this does not worsen the condition of the trust fund, the bill extends the disability maximum family benefit formula to retirement and survivor cases for workers reaching age 62 or dying after 1981. Additional revenues would be generated by a provision that removes the exclusion of certain sick pay from social security taxes during the first 6 months the employee is not working. Given the serious financial condition of the trust funds and the original purpose of the minimum benefit to provide a modest floor of income to the elderly poor who have no other resources, I believe this provision is equitable.

Second, to address the short-term funding problem, this bill reallocates the social security tax among the three trust funds. Keeping the overall social security tax rate the same as under current law, the OASI tax would be increased, the disability insurance (DI) tax would be decreased and the hospital insurance (HI) tax would be decreased through 1985, then subsequently increased.

In order to provide additional flexibility in meeting benefit obligations over the next 10 years, the proposal would also give the Secretary of the Treasury authority to borrow between the OASI and DI funds. This interfund borrowing authority would expire at the end of 1990 and it would involve only the two cash benefit funds.

So the bill solves two immediate problems: It provides a much needed and widely supported mechanism for insuring the solvency of the retirement fund in the near term and also restores the minimum benefit in a fair way without worsening the condition of the trust funds.

The Senate has also adopted some very worthwhile amendments which I strongly supported. It has included a measure to require the Comptroller General to undertake a study of the Social Security Administration to determine the management efficiency, employee productivity, and overall effectiveness of its operation.

Another amendment requires the Secretary of Health and Human Services to report to Congress within 90 days about what actions are being taken to prevent payments to deceased persons. Still others give the Government more authority to enforce provisions already in the law which bar certain payments to prisoners, similar to a measure I cosponsored, and provide stiffer penalties for the misuse of social security numbers.

Perhaps, the most important is the amendment which expresses the sense of the Congress that future legislative changes should not reduce the current dollar amount of monthly retirement benefits to which individuals are entitled. In the absence of a more comprehensive social security financing reform measure,

this amendment will go a long way toward reassuring those retirees now receiving social security benefits that Congress has no intention of pulling the rug out from under them. If we are not going to take measures now to insure this, the least we can do is give this kind of assurance to alleviate the many fears about the future of the social security system, particularly for those elderly persons whose lifeline is the social security check they get every month.

There are other amendments which I did not support. I did not support the amendment offered by the distinguished Senator from Missouri (Mr. EAGLETON) which would increase the windfall profits tax on newly discovered oil and put these revenues into a reserve fund for social security. I opposed the amendment for two reasons.

First, the amendment would establish for the first time general revenue financing of the social security system. I have grave reservations about this approach and fear that it would irreparably damage the insurance nature of the system under which those who contribute earn benefits.

Second, such a proposal could seriously jeopardize the independence of the social security trust funds and possibly lead at some future date to a needs-related system or efforts to reduce benefits beyond what is necessary to maintain the solvency of the trust funds. At the very least, consideration of such a measure should be the subject of thorough review by the Finance Committee and part of the more comprehensive reform package Congress will have to adopt sometime in the next few years.

I also did not support the amendment to restore the minimum benefit to those who receive Government pensions for the reasons I cited before.

Madam President, the bill before us today, despite its shortcomings, deserves the support of us all. It does solve the problem of the OASI trust fund next year and should reassure current retirees that their benefits will continue. Most important, it gives the Congress the time to give long and careful study to the financing problems of the social security system and to develop a lasting, bipartisan solution that will preserve the cornerstone of this country's retirement income policy.

Mr. MITCHELL. Mr. President, the Finance Committee bill partially restores the minimum payment for current retirees. Social security recipients receiving the minimum benefit and also receiving Government pensions will have their minimum payment reduced dollar-for-dollar by the amount of Government pensions received in excess of \$300 per month.

It is my understanding that this offset cannot reduce a recipient's benefit below what his or her earned benefit would be. That is, it would apply only to the unearned portion of the minimum payment for such recipients.

Is this also the understanding of the Senator from Kansas?

Mr. DOLE. Mr. President, if the Senator will yield, that is a correct statement. That is my understanding and I hope that we have made that clear. I

thank the Senator for raising it again because we want to underscore that this is the intent of the amendment.

Mr. MOYNIHAN. Mr. President, if I may simply add, the chairman's and Senator MITCHELL's understanding is precisely mine. The matter is not ambiguous. It is clear, but it is clearer because of the Senator from Maine having made these remarks.

Mr. MITCHELL. I thank the chairman and the ranking minority Member.

#### SOCIAL SECURITY

Mr. ROBERT C. BYRD. Mr. President, last February the President promised the American people that his Federal budget-cutting plan would be humane because it would include a safety net of programs, including social security retirement, whose benefits would be preserved in full—exempt from budget cuts.

The administration then turned around and asked Congress to eliminate the social security minimum benefit for both present and future retirees as part of its budget-cutting plan. Consequently, the benefit was taken away from 3 million retirees, and eliminated for future social security retirees in the administration's August budget-cutting victory.

Two weeks ago, President Reagan addressed the American people for the fourth time regarding the state of the Nation's economy. In that speech, the President asked Congress to restore the social security minimum benefit for the majority of retirees already receiving it. The legislation being considered by the Senate today would meet the President's request.

When the President asked Congress to restore the minimum benefit he told the American people:

It was never our intention to take away this support from those who truly need it.

Yet, during the budget process when Senate Democrats led a strong fight against elimination of the benefit for current recipients, the administration had forcefully and consistently argued for complete across-the-board repeal. During that time, OMB released an official administration statement describing the benefit as a "pure 'windfall' for recipients," and saying that financially needy retirees would have a welfare "safety net" to fall back on when their hard-earned retirement income was slashed.

It seems clear that the administration's change in thinking on restoration of the minimum benefit came only with the realization that the Congress would restore the payment regardless of White House budget-cutting goals.

The request for restoration came only after the Senate had already held five party-line votes on the question. The President's request came on the very day that Senate Republicans, by only a two vote margin, had prevented an up or down vote by the full Senate on restoration of the payment. Moreover, it was obvious that the Senate would have to vote again and again on the minimum benefit until the payment was restored. Senate Democrats, led by Senators RIEGLE, CHILES, and MOYNIHAN,

were not going to let the matter die a victim to OMB's knife.

The President's request came on the evening of the day that the Senate Finance Committee unanimously voted to restore the benefit for the majority of Americans already receiving it. The request came 2 months after the House voted 404 to 20 to restore the benefit; hardly what one would characterize as a partisan vote.

Senate Democrats would have welcomed Republican votes early on in our fight to maintain the minimum benefit for retired Americans, but partisan politics, directed from the Office of Management and Budget, resulted in partisan votes time and time again.

During the budget process when Senate Democrats attempted to preserve the benefit, the administration wrote to congressional leaders on July 18, and accused Members of Congress of "opportunistic political maneuvering, cynically designed to play on the fears of many Americans." The White House wrote that restoration of the payment "would jeopardize our economic recovery program so vital to the well-being of the Nation."

I regret that legitimate and strongly held policy disagreements were characterized in such a political and partisan fashion.

In the July 18 letter, the President promised to confront the social security issue head-on in a nationally televised address. He promised to tell the American people the "facts" on social security "as soon as possible."

The President's speech of 2 weeks ago represents an administration retreat from its promise of the "facts." The facts are that the draconian benefit cuts proposed by the White House last May simply are not necessary to keep the social security system solvent in the short term. The President seemed to recognize this in his address to the Nation. Rather than \$88 billion in immediate benefit cuts as he originally requested, the President recommended that Congress enact interfund borrowing authority as an appropriate financing measure for the short-term cash flow problems of the system.

The legislation pending before the Senate would meet the President's request. But as late as July, in the revised July budget, the administration continued to insist on the May plan of \$88 billion in benefit cuts over the next 6 years. The White House publicly changed its position from supporting those deep cuts to favoring interfund borrowing authority only after two Senate votes in support of borrowing authority, and only after the Senate Finance Committee voted unanimously for this course of action.

In his recent speech, the President told the American people: "Well we're not going to cut benefits." But, he again recommended the same cuts in social security formulated by OMB Director Stockman which the Senate promptly rejected last May. The difference being that the President appeared willing to phase in these cuts over an unspecified time period.

This reveals a lack of perception on the administration's part regarding the Senate's reasons for rejecting the May 12 plan. The Senate rejected that plan because it was precipitous: It would have pulled the rug out from under many elderly Americans dependent upon promised social security retirement income. The Senate rejected the plan because it went far beyond what savings might be necessary to insure the financial health of the system. The Senate also rejected the plan because it retreated from the challenge of social security: to provide an adequate national retirement safety net for elderly Americans.

Other aspects of the President's recent speech were equally troubling. The President outlined yet another major round of Federal budget cuts and he was very emphatic when he told us that this latest round of cuts would not be the last. One week later, OMB Director Stockman reiterated before the House Budget Committee that social security retirement benefits should not be immune from future rounds of cuts.

The President backed away from his impressive August victories on large budget and tax cuts—when the administration proclaimed that its new program was now in place—by stating:

In the euphoria after our budget bill was approved this summer, we didn't point out immediately that while we did get most of what we'd asked for, most isn't all.

Yet, for fiscal year 1982, Congress cut \$600 million more in Federal budget outlays than the President requested.

When the White House circulated an official fact sheet to support the President's remarks, it explained that when the President said Congress had not given him all that he wanted, he was talking about the social security cuts proposed last May.

The Senate's action on the pending social security measure is a solid first step to resolving the crisis of confidence surrounding the fiscal health of the system. Solutions to long-term financing issues can be found and the American people expect us to find them. Democrats stand ready to work for a resolution of the problems facing the retirement program. It may be that Democrats and Republicans will simply have different ideas on what the social security system should be.

Democrats want a system that protects the financial security of our Nation's elderly, and we may find that we can all agree on this. We will continue to look to the President for leadership on this issue, and we will need an administration that speaks with one voice. For too long now, the President has said one thing on social security while administration officials have acted to do another.

In his television address the President said "Some have suggested reducing benefits," but he believed that "there are better solutions." The President said this as if his administration had never asked for the largest, deepest social security cuts in our Nation's history.

To put this behind us, the President's words and administration actions will

have to mesh. It is my hope that we have seen the last of administration efforts to balance the budget by raiding the social security system.

Mr. President, I ask unanimous consent to have printed in the RECORD the administration's May 12 plan, a collection of White House statements on social security, recent correspondence between myself and the administration regarding social security, and a summary of Senate social security votes held this session.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

*Administration social security plan  
May 12, 1981*

[In billions; positive numbers  
indicated savings]

<i>Item</i>	<i>Short-range effect cal- ender year 1982-86</i>
Budget proposals: Social security minimum, student and lump sum death benefits cuts.....	\$35.5
Additional proposals:	
Cover sick pay in first 6 months.....	2.6
Change computation points for average indexed monthly earnings from age 62 to age 65.....	1.3
Increase bend points in primary benefit formula by 50% (instead of 100%) of wage increases, 1982-87....	4.2
Benefit rate of 55% of primary benefit for retired workers (and 27½% for spouses) at age 62.....	17.6
Eliminate benefits for children of retired workers aged 62-64.....	1.9
Disability maximum family benefit applicable to survivor and retirement cases.....	2.9
Eliminate windfall portion of benefits for persons with pensions from non-covered employment.....	.6
Require "medical only" determination of disability (i.e., exclude vocational factors).....	7.7
Increase disability waiting period from 5 months to 6 months.....	1.4
Require disability prognosis of 24+ months duration (instead of 12+ months).....	2.8
Require 30 QC out of last 40 quarters for disability benefits (instead of 20/40).....	10.0
Move date for automatic benefit increases from June to September (and use 12-month average).....	6.3
Raise retirement-test exemption for age 65+ to \$10,000 in 1983, \$15,000 in 1984, \$20,000 in 1985, and eliminate test in 1986.....	-6.5
<b>Total effect.....</b>	<b>88.3</b>

**SUMMARY OF WHITE HOUSE STATEMENTS ON  
SOCIAL SECURITY**

"It is essential that the integrity of all aspects of Social Security be preserved."—Ronald Reagan, Acceptance Speech, Republican Nomination for Presidency, July 17, 1980.

"This strategy for (economic) growth does not require altering or taking back necessary entitlements already granted to the American people. The integrity of the Social Security system will be defended by my administration and its benefits will once again be made meaningful."—Ronald Reagan, Economic Policy Address to the International Business Council, September 9, 1980.

"What is needed is a study that I have proposed by a task force of experts . . . with the premise that no one presently dependent on Social Security is going to have the

rug pulled out from under them and not get their check."—Ronald Reagan, Debate with President Carter, October 2, 1980.

"First of all, obviously, the President isn't going to cut the entitlement of anyone who is dependent upon social security.

"I'm suggesting there are people receiving social security who might not need it."—Treasury Secretary Regan, Testimony before the Senate Appropriations Committee, January 27, 1981.

"It may well be that an actuarially sound program should have been established from the beginning of the social security system, with each generation's tax payments, plus interest, sufficient to cover its own benefits. Now, however, developing a social security system that would become actuarially sound over the next 20 to 30 years would create intergenerational problems.

"Since it is safe to assume that the Federal government will continue in existence in perpetuity and has the taxing power, characteristics, and powers that a private pension plan or insurance company does not possess, it is not technically necessary to have an actuarially sound social security system."—Treasury Secretary Regan, Written Testimony before the Senate Appropriations Committee, January 27, 1981.

"Some of you have heard from constituents afraid that Social Security checks, for example, might be taken from them. I regret the fear these unfounded stories have caused and welcome this opportunity to set things straight.

"We will continue to fulfill the obligations that spring from our national conscience.

"The full retirement benefits of the more than 31 million Social Security recipients will be continued along with an annual cost-of-living increase. Medicare will not be cut. . . ."—President Reagan, Speech to the Congress on Federal Budget-cutting Plan and Safety Net, Feb. 18, 1981.

"I think it would be wrong, especially for our elderly and retired population. If you were to limit the cost-of-living adjustment . . . you would have substantially reduced the real purchasing power, the real standard of living of 33 million Americans who are dependent on those benefits that they have earned during their working lifetime.

" . . . it would be wrong and it would be unjust for us now to propose to solve the inflation problem . . . by imposing even further burdens on those who are least able to protect themselves."—OMB Director Stockman, Testimony before the Senate Budget Committee, February 19, 1981.

"I've been wondering if you couldn't reform the system in such a way that, if you could prove you are providing for your own retirement, you could waive participating in Social Security."—President Reagan, Interview, Philadelphia Bulletin, February 20, 1981.

"The crisis is inescapable. It is here. It is now. It is serious. And it must be faced. Today we move to face it head on and solve it. If we do nothing, the system would go broke as early as fall 1982, breaking faith with the 36 million Americans depending on Social Security . . . It is vital that we make these hard choices—and make them now. We cannot postpone any longer the day of reckoning for Social Security."—Health and Human Services Secretary Schweiker, Press Conference Statement, May 12, 1981.

"The question before the Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all in less than two years hence . . . The most devastating bankruptcy in history will occur on or about Nov. 3, 1982."—OMB Director Stockman, Testimony before Ways and Means Commit-

tee Subcommittee on Social Security, May 28, 1981.

"The social security minimum benefit is a pure 'windfall' for recipients."—OMB Statement, July 19, 1981.

"I stated during the campaign and I repeat now I will not stand by and see those of you who are dependent on Social Security deprived of your benefits . . . I make that pledge to you as your President. You have no reason to be frightened. You will continue to receive your checks in the full amount due to you. In any plan to restore fiscal integrity of Social Security, I will personally see that no part of the plan will be at the expense of you who are now dependent on your monthly Social Security checks."—President Reagan, Address to the Nation, July 27, 1981.

"Now if you'll permit me, I'd like to turn to another subject which I know has many of you very concerned and even frightened. There has been a great deal of misinformation and for that matter pure demagoguery on the subject of Social Security.

"Well we're not going to cut benefits . . ."—President Reagan, Address to the Nation, September 24, 1981.

Question. You would not regard early retirement as an earned benefit?

Response. "It is an earned benefit, but it is not a core benefit . . ."—OMB Director Stockman, Testimony before Senate Budget Committee, October 6, 1981.

U.S. SENATE,

Washington, D.C., May 1, 1981.

HON. DONALD T. REGAN,  
Secretary of Treasury, Department of the  
Treasury, Washington, D.C.

DEAR MR. SECRETARY: I have been informed that the First Concurrent Budget Resolution which the Senate Budget Committee will be reporting tonight includes savings that result from a change in the way many indexed federal programs are adjusted for inflation.

It is my understanding that the change in the cost-of-living adjustment (COLA) would result in outlay savings of \$590 million in FY 1981, \$7.9 billion in FY 1982, \$7.3 billion in FY 1983, and \$7.4 billion in FY 1984.

These savings would be achieved by applying the lower of the Consumer Price Index (CPI) or the Bureau of Labor Statistics' Index of Average Hourly Earnings of Total Private Non-Agricultural Workers to the COLA provided under Social Security and Disability Insurance, Railroad Retirement, Supplemental Security Income (SSI), Civil Service Retirement, Military Retirement, and Veterans Pensions. In addition to using the lower of the two measures, the date of the adjustment for 1982 is shifted from July 1, 1982 to October 1, 1982.

Because of repeated public comments by Administration spokesmen, it has been my understanding that the Administration was opposed to any change in the method of computing the COLA for indexed benefits.

On April 1, 1981, during Senate consideration of the Reconciliation Resolution, S. Con. Res. 9, by a vote of 12 to 86, the Senate overwhelmingly rejected an amendment offered by Senator Hollings which was almost identical to the proposal ordered reported by the Budget Committee.

In his comments on the Senate floor on the Hollings' amendment, Senator Domenici, Chairman of the Senate Budget Committee, argued that the President "asked us not to consider it (the COLA issue) at this time."

Given the Senate's recent action on this important policy issue, it is imperative that the Senate understand the Administration's position at this time.

If the Administration continues to oppose adjustments in the COLA such as those assumed in the budget ordered reported by the Senate Budget Committee, then it clearly

has no chance of passage and should not be assumed as a savings.

On the other hand, if the Administration does support the changes in the COLA assumed in this budget, the Senate might enact these changes.

Therefore, I would appreciate your reply to the following questions:

(1) Does the Administration support the assumption in the budget ordered reported by the Senate Budget Committee of outlay savings resulting from the change in the COLA assumed by the Committee?

(2) Will the Administration support legislation to change the COLA so as to generate the COLA outlay savings assumed by the Senate Budget Committee?

(3) Will the Administration recommend this legislation to the Congress? If so, when?

I would be grateful for your response to these three questions by Wednesday, May 6, 1981, so I would have ample time to inform my colleagues of your position prior to Senate consideration of the first budget resolution for FY 1982.

I have sent an identical letter to OMB Director Stockman.

Thank you for your timely assistance.

Sincerely,

ROBERT C. BYRD.

OFFICE OF MANAGEMENT AND BUDGET,  
Washington, D.C., May 6, 1981.

Hon. ROBERT C. BYRD,  
Democratic Leader, U.S. Senate,  
Washington, D.C.

DEAR SENATOR BYRD: Thank you for the opportunity to provide the Administration's position concerning changes in cost-of-living adjustments (COLA's) for income security programs adopted by the Senate Budget Committee (the Hollings Amendment). These changes would:

Make COLA adjustments on the basis of the lower of the CPI or average wage increases, and

Shift COLA adjustment dates beginning in calendar year 1982 from July to October for OASDI, Railroad Retirement, SSI and Veterans; from April to October for civilian retirement; and March to October for military retirement.

In response to your specific questions we would offer the following guidance:

(1) The President has opposed changing the current CPI-based cost-of-living adjustment formula in Social Security as a budget savings measure. That position has not changed.

(2) The Administration does recognize the impending solvency problems of the Social Security Trust Fund. Significant savings are needed and Secretary Schweiker has promised the relevant Congressional Committees a package of reforms designed to maintain solvency of the Fund. As a practical matter, these changes would reduce current law outlays in the income security function by a magnitude sufficient to achieve the First Concurrent Resolution ceilings.

(3) For these reasons, we believe the outlay totals in the resolution reported by the Senate Budget Committee can be achieved. We would therefore not support amendments causing a net increase in the outlay levels provided in the resolution.

Sincerely,

DAVID A. STOCKMAN,  
Director.  
DONALD T. REGAN,  
Secretary of the Treasury.

LETTER TO CONGRESSIONAL LEADERS,  
MAY 21, 1981

SOCIAL SECURITY TRUST FUND

DEAR ———: Over the past several weeks, all Americans have been proud of the bipartisan spirit that we have created in working on the nation's economic recovery. Today I

am writing to you to ask that we now bring that same spirit to bear on another issue threatening our public welfare.

As you know, the Social Security System is teetering on the edge of bankruptcy. Over the next five years, the Social Security trust fund could encounter deficits of up to \$111 billion, and in the decades ahead its unfunded obligations could run well into the trillions. Unless we in government are willing to act, a sword of Damocles will soon hang over the welfare of millions of our citizens.

Last week, Secretary Richard Schweiker presented a series of Administration proposals that we believe are sound, sensible solutions, both in the short and long term. We recognize that Members of Congress on both sides of the aisle have alternative answers. This diversity is healthy—so long as it leads to constructive debate and then to an honest legislative response.

As Secretary Schweiker has pointed out on several occasions, we believe that all of us owe an obligation to our senior citizens to work together on this issue. This Administration is not wedded to any single solution; this Administration welcomes the opportunity to consult with Congress and with private groups on this matter. Our sole commitment—and it is a commitment we will steadfastly maintain—is to three basic principles:

First, this nation must preserve the integrity of the Social Security trust fund and the basic benefit structure that protects older Americans.

Second, we must hold down the tax burden on the workers who support Social Security.

Finally, we must eliminate all abuses in the system that can rob the elderly of their rightful legacy.

It is clear that the half-actions of the past are no longer sufficient for the future. It is equally clear that we must not let partisan differences or political posturing prevent us from working together.

Therefore, I have today asked Secretary Schweiker to meet with you and other leaders of the Congress as soon as possible to launch a bipartisan effort to save Social Security. I have also asked him to make the full resources of his department available for this undertaking. And of course, you can count on my active support of this effort.

None of us can afford to underestimate the seriousness of the problems facing Social Security. For generations of Americans, the future literally rests upon our actions. This should be a time for statesmanship of the highest order, and I know that no one shares that desire more strongly than you.

With every good wish.

Sincerely,

RONALD REAGAN.

NOTE.—This is the text of identical letters addressed to Senate Majority Leader Howard H. Baker, Jr., Thomas P. O'Neill, Jr., Speaker of the House of Representatives, Senate Minority Leader Robert C. Byrd, House Majority Leader Jim Wright, House Minority Leader Robert H. Michel, and Senator Strom Thurmond of South Carolina.

THE WHITE HOUSE,  
Washington, July 18, 1981.

Hon. ROBERT C. BYRD,  
Minority Leader,  
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: The highest priority of my Administration is restoring the integrity of the Social Security System. Those 35 million Americans who depend on Social Security expect and are entitled to prompt, bipartisan action to resolve the current financial problem.

At the same time, I deplore the opportunistic political maneuvering, cynically de-

signed to play on the fears of many Americans, that some in the Congress are initiating at this time. These efforts appear designed to exploit an issue rather than find a solution to the urgent Social Security problem. They would also have the unfortunate effect of disrupting the budget conference and reversing the actions of a majority of both Houses of the Congress. Such a result would jeopardize our economic recovery program so vital to the well-being of the Nation.

In order to tell the American people the facts, and to let them know that I shall fight to preserve the Social Security System and protect their benefits, I will ask for time on television to address the Nation as soon as possible.

During this address, I will call on the Congress to lay aside partisan politics, and join me in a constructive effort to put Social Security on a permanently sound financial basis as soon as the 97th Congress returns in September.

Sincerely,

RONALD REAGAN.

U.S. SENATE,  
Washington, D.C., July 21, 1981.

THE PRESIDENT,  
The White House,  
Washington, D.C.

DEAR MR. PRESIDENT: This will acknowledge receipt of your July 18 letter, expressing your concern for the 35 million Americans who depend on Social Security for their livelihood. I regret that you suggest in your letter that any deviation from the Administration's proposals on Social Security is "opportunistic political maneuvering, cynically designed to play on the fears of many Americans. . . ."

Your Administration's proposed Social Security cuts are a breach of faith with the American people. Gloom and doom predictions for the financial solvency of the system are severe distortions of the problems faced by the Social Security trust funds.

Since the inception of the Social Security program, no Administration has done more to shake the confidence of the American people in the security of the Social Security system. No Administration has ever before attempted to balance the budget by reducing Social Security benefits.

The "facts" are that the draconian solutions proposed by the Administration simply are not necessary to keep the system solvent in the short run. On July 15, Senator Moynihan offered an amendment which would have solved the foreseeable short-run problems of the system, and allowed for a dispassionate analysis of the long-term problems which the system may face in the next century. But the amendment which provided for borrowing among the three Social Security trust funds was defeated on July 16 by a party-line vote.

We did not wish to make this a partisan issue. We have welcomed Republican votes in support of our efforts. But partisan politics, directed from the White House and the Office of OMB, have time and again resulted in a partisan vote on the Social Security issue.

I would respectfully suggest that your Administration's rhetoric is responsible for much of the fear and panic being experienced by the elderly. In recent testimony, David Stockman, Director of the Office of Management and Budget, stated that "The most devastating bankruptcy in history will occur on or about November 3, 1982." Such fear tactics certainly do not contribute to the calm and reasoned atmosphere needed to fashion a bipartisan solution to the problems of the system.

I would also suggest, Mr. President, that our elderly citizens were misled by campaign promises to leave the Social Security retire-

ment benefits unscathed by budget cuts. The frustration, anger, and fear we are witnessing now from our senior citizens is a result of those broken promises, and of the exaggeration of the system's problems in order to stampede the American people into support for unfair and ill-reasoned cuts. Balancing the budget is something that we must do, but not on the backs of Social Security beneficiaries.

Democrats stand ready to work for a resolution of the long-range problems of the Social Security system, while protecting the financial security of our elderly in the short run. I believe that such a solution can be found, and that the American people expect us to find it.

Sincerely,

ROBERT C. BYRD.

U.S. SENATE,

Washington, D.C., July 27, 1981.

THE PRESIDENT,  
The White House,  
Washington, D.C.

DEAR MR. PRESIDENT: Tax cuts, spending cuts, and the Social Security System are all part of the intricate fabric of the Federal budget. One element of the budget cannot be changed without having a direct affect on another.

During the campaign for the presidency you promised the American people that you would balance the budget in fiscal year 1983. The Administration's current budget projects a balance by fiscal year 1984, and assumes additional Social Security cuts as well as \$44 billion in "unidentified" cuts.

Your economic recovery plan calls for an enormous reduction in the revenue collected by the Federal government, on the order of \$730 billion over the next five years. In order to avoid large deficits, spending cuts much larger than those the Congress is about to enact will be necessary to offset the loss of revenue from the proposed tax cut.

On May 12, you recommended a severe reduction in Social Security benefits. Under your plan, Social Security benefits would be cut by \$88 billion over the next five years, including a 40 percent reduction in benefits for people retiring at age 62.

Most objective analysts, including the non-partisan Congressional Budget Office, believe that your massive cuts in Social Security benefits are unnecessary to preserve the solvency of the System. Cuts in benefits which the Congress is about to enact as part of your budget-cutting program, when combined with authority for the three Social Security funds to borrow among themselves, would meet any foreseeable need to shore up the System well into the next century.

It appears that the Administration has abandoned its promise not to cut Social Security retirement benefits. It appears that Office of Management and Budget Director David Stockman discovered that the budget cannot be balanced, in light of the enormous tax cuts, unless Social Security benefits are reduced.

In a letter to me dated July 18, you promised to "ask for time on television . . . to tell the American people the facts . . ." about Social Security.

Since the tax cuts apparently are directly linked to your proposed Social Security benefit reductions, I was very disappointed to learn that your television address this evening will be directed primarily, if not exclusively, to promoting the revised tax-cutting plan.

It is my sincere hope that your speech tonight will allay the concerns of the American people by abandoning your commitment to immediately and drastically cut basic Social Security retirement benefits.

It is my further hope that your speech tonight will answer this basic question: How can we explain an economic plan to the

American people which inordinately rewards the already-rich with huge tax cuts which are partially financed by cutting the Social Security benefits of the Nation's elderly?  
Sincerely,

ROBERT C. BYRD.

THE WHITE HOUSE,  
Washington, August 12, 1981.

HON. ROBERT C. BYRD,  
U.S. SENATE,  
Washington, D.C.

DEAR SENATOR BYRD: The President has asked me to thank you for your July 27 letter on the Social Security issue.

During his stay in California, the President and his advisory staff will be looking carefully at the issue of Social Security. As you know, we are concerned to make sure that all Americans receive the benefits to which they are entitled. We recognize that no one benefits if the Social Security system goes bankrupt and the funds are unavailable to pay those citizens who have contributed over the years. The President has made clear his commitment to see that those in genuine need are not jeopardized.

As the Democratic Leader of the Senate, you may be assured that your ideas on this subject are appreciated and that we welcome your suggestions in this important effort to resolve the Social Security financing crisis.

With cordial regard, I am  
Sincerely,

MAX L. FRIEDERSDORF,  
Assistant to the President.

#### SOCIAL SECURITY VOTES, 1981

##### MINIMUM BENEFITS

No. 50 Riegle, et al., amendment to restore \$800 million in 1982 outlays and \$900 million in 1983 outlays to maintain current payments for Social Security minimum benefits and offsets these amounts by savings in administrative costs. Defeated 39 to 55. 91 percent of Democrats voted yes; 100 percent of Republicans voted nay. (S. Con. Res. 9, Budget Reconciliation, 1981-83, March 30, 1981)

No. 160 Riegle, et al., amendment to limit repeal of Social Security minimum benefit to new beneficiaries. Defeated 45 to 53. 89 percent of Democrats voted yes; 92 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 23, 1981)

No. 207 Dole motion to table Riegle et al., amendment to restore Social Security minimum benefits to persons enrolled prior to December 1981. Tabled 52 to 46. 91 percent of Democrats voted nay; 92 percent of Republicans voted yes. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 21, 1981)

No. 248 Chair ruling that Moynihan, et al., motion to bring up bill to restore Social Security minimum benefit is not in order in that no bill from the House may be considered on day received unless by unanimous consent. Chair sustained 57 to 30. 79 percent of Democrats voted nay; 100 percent of Republicans voted yes. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 249 Robert C. Byrd motion to adjourn for one minute as a means of considering Social Security Minimum Benefits bill. Motion rejected 37 to 49. 95 percent of Democrats voted year; 100 percent of Republicans voted nay. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 284 Hatfield motion to table the Sasser, et al., amendment reducing the travel budgets of non-defense agencies, taking with it the second degree Chiles, et al., amendment continuing Social Security minimum benefits for current recipients. Tabled 46 to 44. 95 percent of Democrats voted nay; 92 percent of Republicans voted yes. (H.J. Res. 325, Continuing Appropriations, 1982, September 24, 1981)

#### INTERFUND BORROWING

No. 188 Baker motion to table Moynihan, et al., modified amendment to provide for inter-fund Social Security borrowing. Tabled 51 to 45. 100 percent of Democrats voted nay; 98 percent of Republicans voted yes. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 16, 1981)

No. 218 Sasser, et al., amendment expressing sense of Senate that Finance Committee report bill by November 15, 1981, authorizing Social Security inter-fund borrowing. Agreed to 89 to 4. 96 percent of Democrats voted yes; 96 percent of Republicans voted yes. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 24, 1981)

#### NEW RESERVE FUND

No. 294 Dole motion to table the Eagleton, et al., amendment establishing a reserve Social Security Trust Fund which would be financed from revenues from the repeal of reduction in the windfall profit tax contained in the 1981 Tax Cut Act. Tabled 67 to 31. 82 percent of Democrats voted nay; 94 percent of Republicans voted yes. (H.J. Res. 266, Public Debt Limit Increase, September 29, 1981)

#### TRUST FUND ACCOUNTABILITY

No. 235 Eagleton-Stennis amendment to require a report to Congress with the budget that summarizes deficit or surplus for three Social Security trust funds. Agreed to 97 to 2. 100 percent of Democrats voted yes; 96 percent of Republicans voted yes. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 29, 1981)

#### BENEFITS TAXATION

No. 187 States sense of the Senate that Social Security benefits shall not be taxable. Adopted 98 to 0. (S. Res. 87, Social Security Benefits Taxation, July 14, 1981)

#### BENEFITS CUT FOR EARLY RETIREES

No. 121 Hatfield motion to table Moynihan, et al., amendment stating finding of Congress that President has proposed precipitous and severe reductions in Social Security benefits for persons approaching retirement age and states that Congress will not support modifications in excess of those necessary to achieve a financially sound system. Tabled 49 to 48. 98 percent of Democrats voted nay; 96 percent of Republicans voted yes. (H.R. 3512, Supplemental Appropriations and Rescissions Act, 1981, May 20, 1981)

No. 122 Hatfield motion to table Dole, et al., amendment stating sense of Congress that it shall not precipitously and unfairly reduce early retirees' benefits and it will enact with bipartisan effort reforms necessary to insure the solvency of the system but will not support reductions in benefits which exceed those necessary to achieve a financially sound system and well-being of all retired Americans. Motion to table defeated 4 to 93. 100 percent of Democrats voted nay; 92 percent of Republicans voted nay. (H.R. 3512, Supplemental Appropriations and Rescissions Act, 1981, May 20, 1981)

No. 123 Dole, et al., amendment stating sense of Congress that it shall not precipitously and unfairly reduce early retirees' benefits and it will enact with bipartisan effort reforms necessary to insure the solvency of the system but will not support reductions in benefits which exceed those necessary to achieve a financially sound system and well-being of all retired Americans. Agreed to 96 to 0. (H.R. 3512, Supplemental Appropriations and Rescissions Act, 1981, May 20, 1981)

#### COST-OF-LIVING CHANGE

No. 63 Hollings amendment to allow Federal cost-of-living adjustments (COLA) to Social Security, SSI, military civil service, veterans and railroad retirement benefits to be based on lesser of either CPI (which is presently used) or National Wage Index. Defeated 12 to 86. 93 percent of Democrats voted nay; 83 percent of Republicans voted



nay. (S. Con. Res. 9, Budget Reconciliation, 1981-83, April 1, 1981)

No. 94 Riegle, et al, modified amendment to restore cuts to Social Security, SSI, veterans pensions, military retirement, railroad and civil service retirement benefits that would result in changes to COLA. Defeated 42 to 49. 86 percent of Democrats voted yea; 90 percent of Republicans voted nay. (S. Con. Res. 19 [H. Con Res. 115], First Budget Resolution, 1982-84, May 8, 1981)

No. 109 Riegle, et al, amendment to restore funding levels to retain present use of CPI for calculating COLA and to retain July date instead of October date for implementing adjustments. Defeated 44 to 54. 85 percent of Democrats voted yea; 90 percent of Republicans voted nay. (S. Con. Res. 19 [H. Con. Res. 115], First Budget Resolution, 1982-84, May 12, 1981)

**SOCIAL SECURITY ENTITLEMENTS**

No. 162 Moynihan, et al, modified amendment to maintain current Social Security law with respect to child welfare services, adoption, assistance, and foster care payments. Defeated 48 to 52. 91 percent of Democrats voted yea; 91 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 23, 1981).

No. 168 Cranston, et al, amendment to retain authority for Social Security Act funding for vocational rehabilitation services for disabled beneficiaries of disability insurance and supplemental security income. Defeated 47 to 50. 84 percent of Democrats voted yea; 81 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 25, 1981).

Mr. DOLE. Mr. President, there are no further amendments that I know of.

Mr. MOYNIHAN. There are none that we are aware of on this side, Mr. President.

Mr. DOLE. I ask for third reading, Mr. President.

The PRESIDING OFFICER. There being no further amendments to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read a third time.

Mr. DOLE. I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Indiana (Mr. LUGAR), the Senator from Idaho (Mr. McCLURE), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Vermont (Mr. STAFFORD), and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) and the Senator from Idaho (Mr. SYMMS) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 95, nays 0, as follows:

[Rollcall Vote No. 315 Leg.]

**YEAS—95**

Abdnor	Exon	Melcher
Andrews	Ford	Metzenbaum
Armstrong	Gara	Mitchell
Baker	Glenn	Moynihan
Baucus	Goldwater	Nickles
Bentsen	Gorton	Nunn
Biden	Grassley	Packwood
Boren	Hart	Pell
Boschwitz	Hatch	Percy
Bradley	Hatfield	Pressler
Bumpers	Hawkins	Proxmire
Burdick	Hayakawa	Pryor
Byrd,	Heflin	Quayle
Harry F., Jr.	Helms	Randolph
Byrd, Robert C.	Hollings	Riegle
Cannon	Huddleston	Roth
Chafee	Humphrey	Rudman
Chiles	Inouye	Sarbanes
Cochran	Jackson	Sasser
Cohen	Jepsen	Schmitt
Cranston	Johnston	Simpson
D'Amato	Kassebaum	Specter
Danforth	Kasten	Stennis
DeConcini	Kennedy	Stevens
Denton	Laxalt	Thurmond
Dixon	Leahy	Tower
Dodd	Levin	Tsongas
Dole	Long	Wailop
Domenici	Mattias	Warner
Durenberger	Matunaga	Weicker
Eagleton	Mattingly	Williams
East		Zorinsky

**NOT VOTING—5**

Lugar	Murkowski	Symms
McClure	Stafford	

So the bill (H.R. 4331), as amended, was passed.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, earlier the Senator from Kansas prior to the vote on final passage of the social security amendments indicated that on the so-called Highway Trust Funds that the name of Senator RANDOLPH should be withdrawn as a cosponsor. That is incorrect. He should be shown as a cosponsor. He wishes to cosponsor the amendment and I wish the RECORD to reflect that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I thank my distinguished colleague from New York and also the distinguished ranking minority Member on the Democratic side, Senator LONG, for their cooperation on this legislation.

I think the final vote indicated the strong bipartisan support for what we have done.

I also thank the staff, the committee staff and Members' staff for their help throughout the debate and in preparation of the amendment, as well as Mr. Robert Myers, the Deputy Commissioner of the Social Security Administration, and others who have been very helpful to all of us in consideration of this significant legislation.

Mr. MOYNIHAN. Mr. President, if the Senator will yield, on behalf of the Members of this side of the aisle I wish altogether to echo his sentiments to include in our congratulations the distinguished chairman of the Subcommittee on Social Security, the Senator from Colorado (Mr. ARMSTRONG), to mention in par-

ticular the staff of the committee on both sides, but above all to mention the chairman of the Committee on Finance who has taken a potentially divisive and even acrimonious debate and brought a unanimous conclusion to it.

There are at minimum 3 million persons in America who have reason to be grateful to him tonight. Although I will not be among those 3 million I wish to have myself so recorded.

Mr. MITCHELL. Mr. President, I ask unanimous consent that I be added as a cosponsor to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who seeks recognition?

Mr. BAKER. Mr. President, I wish to take this opportunity to add my commendation to those of others for the distinguished chairman of the committee, Senator DOLE, the ranking minority member, Mr. LONG, as well as to the Senator from Colorado (Mr. ARMSTRONG), and the Senator from New York (Mr. MOYNIHAN) for their extraordinarily successful effort to deal with this controversial issue with dispatch and efficiency.

I think all of us owe them a debt of gratitude for the manner in which they have handled this piece of legislation.

The bill that we have just passed, as amended, will restore the minimum social security benefit for most of the present recipients. Most importantly, Mr. President, it restores benefits for those recipients who may be most in need—those retirees who, through no fault of their own, had low earnings histories. I believe that this amendment represents an equitable and admirable compromise.

This measure also provides a badly needed injection into the social security retirement fund. By reallocating tax collections and allowing interfund borrowing, the OASI fund should be able to make payments for the next several years. Without this action, the fund could have been depleted as early as next fall. While everyone in this Chamber understands that the short-term solvency of the funds depends critically on the performance of the economy, I hope and trust that the measures we have taken to restore our economic health will in ample time avoid a crisis in the social security funds.

Yet, Mr. President, I think everyone in this Chamber also understands that we have done nothing to address the longer-term problems in the social security system. After 1990, the system will enjoy a 20 to 25-year respite from financial pressures. But even under the most optimistic economic scenarios, the system will be in dire straits again by the year 2015. While you or I may not be around to witness that event, it would be unconscionable for us to walk away and claim that "it didn't happen on my shift."

We must begin now to fashion the changes needed to insure that our children and grandchildren, some of whom are already paying into the system, will be able to enjoy the financial security that a sound retirement system affords. We have that rare opportunity of fore-



sight in this case to allow gradual changes in the program that will not precipitously affect either present beneficiaries or those close to retirement.

We have, Mr. President, 20 to 30 years to implement policies that insure the long-term viability of social security. But that should not lull us into complacency nor invite us to engage in demagoguery. Rather, it gives us the time to act expeditiously and responsibly to solve a potential problem before it becomes a crisis. I look forward to working with my colleagues in both Chambers of Congress in formulating a solution that we can all be proud of.

---



*In the Senate of the United States,*

*October 15 (legislative day, October 14), 1981.*

*Resolved, That the bill from the House of Representatives (H.R. 4331) entitled "An Act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act", do pass with the following*

**AMENDMENT:**

Strike out all after the enacting clause and insert:

*TITLE I—SOCIAL SECURITY AMENDMENTS*

*INTERFUND BORROWING*

*SEC. 101. Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:*

*"(1)(1) If at any time prior to January 1991 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, the Managing Trustee may borrow such amounts which he determines to be appropriate from either such Trust Fund for transfer to and deposit in the other such Trust Fund.*

*"(2) In any case where a loan has been made under paragraph (1), there shall be transferred from time to time,*

*from the borrowing Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (d).*

*“(3) If in any month after a loan has been made under paragraph (1), the Managing Trustee determines that the assets of the borrowing Trust Fund are sufficient to permit repayment of all or part of any loans made under paragraph (1), he shall make such repayments as he determines to be appropriate.*

*“(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection.”*

#### **REALLOCATION OF SOCIAL SECURITY TAXES AND**

#### **ADJUSTMENTS IN ALLOCATION OF RECEIPTS**

*SEC. 102. (a)(1) Section 3101(a) of the Internal Revenue Code of 1954 is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:*

*“(5) with respect to wages received during the calendar year 1982, the rate shall be 5.90 percent;*

*“(6) with respect to wages received during the calendar year 1983, the rate shall be 5.70 percent;*

*“(7) with respect to wages received during the calendar year 1984, the rate shall be 5.45 percent;*

*“(8) with respect to wages received during the calendar year 1985, the rate shall be 5.60 percent;*

*“(9) with respect to wages received during the calendar years 1986 through 1989, the rate shall be 5.70 percent;*

*“(10) with respect to wages received during the calendar years 1990 through 2004, the rate shall be 5.90 percent; and*

*“(11) with respect to wages received after December 31, 2004, the rate shall be 6.20 percent.”.*

*(2) Section 3111(a) of such Code is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:*

*“(5) with respect to wages paid during the calendar year 1982, the rate shall be 5.90 percent;*

*“(6) with respect to wages paid during the calendar year 1983, the rate shall be 5.70 percent;*

*“(7) with respect to wages paid during the calendar year 1984, the rate shall be 5.45 percent;*

*“(8) with respect to wages paid during the calendar year 1985, the rate shall be 5.60 percent;*

*“(9) with respect to wages paid during the calendar years 1986 through 1989, the rate shall be 5.70 percent;*

*“(10) with respect to wages paid during the calendar years 1990 through 2004, the rate shall be 5.90 percent; and*

*“(11) with respect to wages paid after December 31, 2004, the rate shall be 6.20 percent.”.*

*(3) Section 1401(a) of such Code is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:*

*“(5) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1983, the tax shall be equal to 8.55 percent of the amount of the self-employment income for such taxable year;*

*“(6) in the case of any taxable year beginning after December 31, 1982, and before January 1, 1984, the tax shall be equal to 8.35 percent of the amount of the self-employment income for such taxable year;*

*“(7) in the case of any taxable year beginning after December 31, 1983, and before January 1, 1985, the tax shall be equal to 8.10 percent of the amount of the self-employment income for such taxable year;*

*“(8) in the case of any taxable year beginning after December 31, 1984, and before January 1, 1986, the tax shall be equal to 8.45 percent of the amount of the self-employment income for such taxable year;*



*“(9) in the case of any taxable year beginning after December 31, 1985, and before January 1, 1990, the tax shall be equal to 8.55 percent of the amount of the self-employment income for such taxable year;*

*“(10) in the case of any taxable year beginning after December 31, 1989, and before January 1, 2005, the tax shall be equal to 9.00 percent of the amount of the self-employment income for such taxable year; and*

*“(11) in the case of any taxable year beginning after December 31, 2004, the tax shall be equal to 9.30 percent of the amount of the self-employment income for such taxable year.”.*

*(b)(1) Section 3101(b) of the Internal Revenue Code of 1954 is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:*

*“(4) with respect to wages received during the calendar year 1981, the rate shall be 1.30 percent;*

*“(5) with respect to wages received during the calendar year 1982, the rate shall be 0.80 percent;*

*“(6) with respect to wages received during the calendar year 1983, the rate shall be 1.00 percent;*

*“(7) with respect to wages received during the calendar year 1984, the rate shall be 1.25 percent;*

*“(8) with respect to wages received during the calendar years 1985 through 1989, the rate shall be 1.45 percent;*

*“(9) with respect to wages received during the calendar years 1990 through 2004, the rate shall be 1.75 percent; and*

*“(10) with respect to wages received after December 31, 2004, the rate shall be 1.45 percent.”.*

*(2) Section 3111(b) of such Code is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:*

*“(4) with respect to wages paid during the calendar year 1981, the rate shall be 1.30 percent;*

*“(5) with respect to wages paid during the calendar year 1982, the rate shall be 0.80 percent;*

*“(6) with respect to wages paid during the calendar year 1983, the rate shall be 1.00 percent;*

*“(7) with respect to wages paid during the calendar year 1984, the rate shall be 1.25 percent;*

*“(8) with respect to wages paid during the calendar years 1985 through 1989, the rate shall be 1.45 percent;*

*“(9) with respect to wages paid during the calendar years 1990 through 2004, the rate shall be 1.75 percent; and*

*“(10) with respect to wages paid after December 31, 2004, the rate shall be 1.45 percent.”.*

*(3) Section 1401(b) of such Code is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:*

*“(4) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1982, the tax shall be equal to 1.30 percent of the amount of the self-employment income for such taxable year;*

*“(5) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1983, the tax shall be equal to 0.80 percent of the amount of the self-employment income for such taxable year;*

*“(6) in the case of any taxable year beginning after December 31, 1982, and before January 1, 1984, the tax shall be equal to 1.00 percent of the amount of the self-employment income for such taxable year;*

*“(7) in the case of any taxable year beginning after December 31, 1983, and before January 1, 1985, the tax shall be equal to 1.25 percent of the amount of the self-employment income for such taxable year;*

*“(8) in the case of any taxable year beginning after December 31, 1984, and before January 1, 1990, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year;*

*“(9) in the case of any taxable year beginning after December 31, 1989, and before January 1, 2005, the tax shall be equal to 1.75 percent of the amount of the self-employment income for such taxable year; and*

*“(10) in the case of any taxable year beginning after December 31, 2004, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year.”.*

*(c) Section 201(b)(1) of the Social Security Act is amended by striking out clauses (K) through (M) and inserting in lieu thereof the following: “(K) 1.43 per centum of the wages (as so defined) paid after December 31, 1981, and before January 1, 1983, and so reported, (L) 1.33 per centum of the wages (as so defined) paid after December 31, 1982, and before January 1, 1984, and so reported, (M) 1.19 per centum of the wages (as so defined) paid after December 31, 1983, and before January 1, 1986, and so reported, (N) 1.20 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 1990, and so reported, and (O) 1.50 per centum of the wages (as so defined) paid after December 31, 1989, and so reported.”.*

*(d) Section 201(b)(2) of the Social Security Act is amended by striking out clauses (K) through (M) and inserting in lieu thereof “(K) 1.035 per centum of the amount of self-employment income (as so defined) so reported for any*

*taxable year beginning after December 31, 1981, and before January 1, 1983, (L) 0.975 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1982, and before January 1, 1984, (M) 0.885 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1983, and before January 1, 1985, (N) 0.900 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1984, and before January 1, 1990, (O) 1.145 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1989, and before January 1, 2005, and (Ø) 1.125 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2004,".*

**RESTORATION OF MINIMUM BENEFIT FOR CURRENT  
RECIPIENTS**

*SEC. 103. (a) Section 2201(h) of the Omnibus Budget Reconciliation Act of 1981 is amended to read as follows:*

*"(h)(1) Except as provided in paragraph (2), and in section 203(n) of the Social Security Act, this section and the amendments made thereby shall be effective only with respect to benefits payable for months after October 1981, and only in the case of persons who are eligible for benefits*

*under title II of the Social Security Act on the basis of the wages and self-employment income of an individual who initially becomes eligible for old-age or disability insurance benefits after October 1981, or who dies after October 1981 and was not initially eligible for old-age or disability insurance benefits before November 1981.*

*“(2) In the case of an individual who is a member of a religious order (within the meaning of section 3121(r)(2) of the Internal Revenue Code of 1954), or an autonomous subdivision of such order, whose members are required to take a vow of poverty, and which order or subdivision had elected coverage under this Act prior to the date of the enactment of this paragraph, or who would be such a member except that such individual is considered retired because of old age or total disability, this section and the amendments made thereby shall be effective only with respect to benefits payable for months after October 1991, and only in the case of persons who are not eligible for benefits under title II of the Social Security Act on the basis of the wages and self-employment income of such an individual who dies or initially becomes eligible for old-age or disability insurance benefits before November 1991.*

*“(3) For purposes of this subsection, eligibility for old-age and disability insurance benefits shall be determined in*



accordance with paragraphs (2)(A) and (3)(B) of section 215(a) of the Social Security Act.”

(b)(1) Section 203 of the Social Security Act is amended by adding at the end thereof the following new subsections:

**“REDUCTIONS IN BENEFITS FOR CERTAIN RECIPIENTS OF  
THE MINIMUM BENEFIT WHO RECEIVE GOVERNMENTAL  
PENSION SYSTEM BENEFITS**

“(m)(1) Any individual—

“(A) to whom the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) do not apply;

“(B) who is entitled to a monthly benefit under this title, the amount of which, as determined without regard to deductions on account of work otherwise required under this section, would be reduced for any month if the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) were applicable with respect to such individual; and

“(C) to whom there is payable for the month of May 1982 a monthly periodic benefit or benefits in a total amount of \$300 or greater which is based upon such individual's earnings while in the service of the Federal Government or any State, as defined in sec-

*tion 210(h) (or a political subdivision thereof, as defined in section 218(b)(2)), or an instrumentality of two or more States,*

*shall, for any month for which the monthly periodic benefit or benefits described in subparagraph (C) continue to be payable, be subject to a benefit reduction under paragraph (2).*

*“(2) The amount of the benefit to which an individual described in paragraph (1) is otherwise entitled for such month under this title, as determined without regard to deductions on account of work otherwise required by this section, shall be reduced by an amount equal to so much of the total monthly periodic benefits (described in paragraph (1)(C)) payable to such individual for the month of May 1982 as exceeds \$300 (rounded to the next higher multiple of \$1 if not a multiple of \$1), but in no event shall the monthly benefit under this title be reduced by reason of this subsection to an amount less than the amount to which such individual would be entitled if the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) were applicable to such individual.*

*“(3) For purposes of this subsection, any periodic benefit which is paid on other than a monthly basis, shall be allocated on a basis equivalent to a monthly benefit (as determined by the Secretary) and such equivalent monthly benefit*

*shall constitute a monthly periodic benefit for purposes of this subsection. For purposes of this subsection, the term 'periodic benefit' includes a benefit payable in a lump sum if it is a commutation of, or a substitute for, periodic payments.*

*“(4) The provisions of this subsection shall not apply to any person who, for the month of May 1982, is entitled to monthly insurance benefits under this title on the basis of the wages and self-employment income of more than one individual.*

**“REDUCTIONS IN BENEFITS FOR RECIPIENTS OF MINIMUM BENEFIT WHO RESIDE OUTSIDE THE UNITED STATES**

*“(n) Section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) and the amendments made thereby shall be effective with respect to benefits payable for any month after May 1982 in the case of a person who, during such month, is not a resident of the United States (as defined in section 210 (i)), and who was eligible for benefits under this title on the basis of the wages and self-employment income of an individual who died or initially became eligible for old-age or disability insurance benefits before November 1981.”*

*(2) The amendment made by paragraph (1) shall be effective with respect to monthly benefits payable under title II*

of the Social Security Act for June 1982 and months thereafter.

(c) Section 1622 of the Social Security Act is repealed.

(d) Subparagraph (A) of section 6103(l)(1) of the Internal Revenue Code of 1954 (relating to disclosure of certain information to Social Security Administration and Railroad Retirement Board) is amended by inserting "and payments of retirement income," after "chapters 2, 21, and 24,".

**EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF**

**SICK PAY**

SEC. 104. (a) Section 209(b)(2) of the Social Security Act and section 3121(a)(2)(B) of the Internal Revenue Code of 1954 are each amended by inserting immediately after "sickness or accident disability" the following: "(but including, in the case of payments made to an employee or any of his dependents, only (A) payments made by an insurance company, other than payments (i) by an insurance company which is owned, to a substantial extent, by the employer, and (ii) by an insurance company under an administrative-services-only contract which provides for such company to be reimbursed only for the sickness or accident disability payments actually paid plus the accompanying administrative expenses and profit, and (B) payments which are required by a workmen's compensation or temporary-disability insurance law)".

*(b) The amendments made by subsection (a) shall be effective with respect to remuneration paid after December 31, 1981.*

**EXTENSION OF DISABILITY INSURANCE MAXIMUM FAMILY  
BENEFIT TO OLD-AGE AND SURVIVORS INSURANCE  
BENEFICIARIES**

*SEC. 105. (a) Section 203(a) of the Social Security Act is amended—*

*(1) by striking out paragraph (6);*

*(2) by redesignating paragraphs (1), (2), (3), (4), and (5), as paragraphs (2), (3), (4), (5), and (6), respectively; and*

*(3) by inserting before paragraph (2) (as so redesignated) the following new paragraph:*

*“(1)(A) The total monthly benefits to which beneficiaries may be entitled under section 202 or 223 for a month (but prior to any increases resulting from the application of paragraph (2)(A)(ii)(III) of section 215(i)) on the basis of the wages and self-employment income of an individual whose primary insurance amount has been computed or recomputed under paragraph (1) or (4) of section 215(a), or under section 215(d), as in effect after December 1978, shall, except as otherwise provided by this subsection, be reduced to the smaller of—*

*“(i) 85 percent of such individual’s average indexed monthly earnings (or 100 percent of his primary insurance amount, if larger), or*

*“(ii) 150 percent of such individual’s primary insurance amount.*

*Any such amount that is not a multiple of \$0.10 shall be decreased to the next lowest multiple of \$0.10.*

*“(B) Subparagraph (A) shall not apply to benefits based on the wages and self-employment income of an individual—*

*“(i) who dies before 1982;*

*“(ii) who attains age 62 before 1982, except with respect to benefits payable during an entitlement to disability insurance benefits of an individual whose initial entitlement to such benefits occurred after June 1980; or*

*“(iii) who, in the case of an individual who attains age 62, or dies before attaining age 62, after 1981, became entitled to disability insurance benefits before July 1980, and was entitled to disability insurance benefits in any month after June 1980 and before January 1982 (unless the individual is not entitled to such benefits during a period of more than 12 consecutive months, after December 1980, before he dies, again becomes*



*disabled, or attains age 62 whichever first occurs).*"

*(b)(1) Paragraph (2) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act is amended—*

*(A) in the matter preceding subparagraph (A),*  
*by—*

*(i) inserting "to whom paragraph (1) does not apply, and" after "In the case of an individual";*

*(ii) inserting after "section 202 or 223 for a month" the parenthetical phrase "(but prior to any increases resulting from the application of paragraph (2)(A)(ii)(III) of section 215(i))", and striking out that phrase as it appears elsewhere in such paragraph; and*

*(iii) striking out "except as provided by paragraphs (3) and (6)" and inserting in lieu thereof "except as otherwise provided by this subsection"; and*

*(B) by striking out "paragraph (2)" each place it appears in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "paragraph (3)".*

(2) Paragraph (3)(A) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act is amended to read as follows:

“(3)(A) For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming so eligible for those benefits), in calendar year 1979, 1980, or 1981—

“(i) the amounts established with respect to subparagraph (A) of paragraph (2) are \$230, \$248, or \$270, respectively;

“(ii) the amounts established with respect to subparagraph (B) of paragraph (2) are \$332, \$358, or \$390, respectively; and

“(iii) the amounts established with respect to subparagraph (C) of paragraph (2) are \$433, \$467, or \$508, respectively.”

(3) Paragraph (3) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act is further amended by striking out subparagraphs (B) and (C) and by redesignating subparagraph (D) as subparagraph (B).

(c) Section 203(a)(9)(C) of such Act is amended by striking out “section 203(a)(4)” and inserting in lieu thereof “paragraph (5)”.

(d) Section 215(i)(2)(D) of such Act is amended—

(1) by striking out "paragraph (3)(B) thereof" and inserting in lieu thereof "paragraph (4)(B) thereof"; and

(2) by striking out the last sentence thereof.

#### STUDY OF SOCIAL SECURITY ADMINISTRATION

##### EFFICIENCY

SEC. 106. *The Comptroller General of the United States shall undertake a study of the Social Security Administration for the purpose of determining the management efficiency, employee productivity, and technical capacities (including computer hardware and programing) of such Administration, and the extent of current information of the characteristics of recipients. The Comptroller General shall report the results of such study not later than one hundred and eighty days after the date of the enactment of this Act, including any recommendations for improvements in any of the operations studied.*

#### SEPARATE ACCOUNTING FOR SOCIAL SECURITY TRUST

##### FUNDS

SEC. 107. (a) *For each fiscal year beginning after September 30, 1982, the President shall transmit to the Congress, at the time he transmits the Budget under subsection (a) of section 201 of the Budget and Accounting Act, 1921, and at the time he submits the midyear amendments and revisions of such Budget under subsection (g) of such section,*

*a special statement summarizing requests for new budget authority, estimates of outlays and revenues, and estimates of deficit or surplus (stated both separately and in the aggregate) for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund. The special statement required by this section shall include a comparative summary of the aggregate total requests for new budget authority, estimates of outlays and revenues, and estimates of surplus or deficit for all functions and activities of the Government (other than such Trust Funds). Such special statement shall also include an explanation and analysis of the economic assumptions on which the requests and estimates for such Trust Funds and the requests and estimates for such other functions of the Government are based.*

*(b) The special analysis required by this section shall be transmitted to the Congress in a separate volume from the Budget of the United States or the midyear amendment and revisions of such Budget, as the case may be.*

#### **INFORMATION WITH RESPECT TO PRISONERS**

*SEC. 108. Section 223(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:*

*“(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal*

*or State law, any agency of the United States Government or of any State (or political subdivision thereof) shall make available to the Secretary, upon written request, the name and social security account number of any individual confined in a jail, prison, or other penal institution or correctional facility under the jurisdiction of such agency pursuant to his conviction of an offense which constituted a felony under applicable law, which the Secretary may require to carry out the provisions of this subsection."*

**REPORT TO CONGRESS**

*SEC. 109. The Secretary of Health and Human Services shall report to the Congress within ninety days after the date of the enactment of this Act with respect to the actions being taken to prevent payments from being made under title II of the Social Security Act to ~~deceased~~ <sup>deceased</sup> individuals, including to the extent possible the use of the death records available under the medicare program to screen the cash benefit rolls for such deceased individuals.*

**PENALTIES FOR MISUSE FOR SOCIAL SECURITY NUMBERS**

*SEC. 110. (a) Section 208(g) of the Social Security Act is amended—*

*(1) in the matter preceding paragraph (1), by inserting "or for the purpose of obtaining anything of value from any person," before "or for any other purpose"; and*

(2) by adding after paragraph (2) the following new paragraph:

“(3) knowingly, alters a social security card issued by the Secretary, buys or sells a card that is, or purports to be, a card so issued, counterfeits a social security card, or possesses a social security card or counterfeit social security card with intent to sell or alter it; or”.

(b) Section 208 of such Act is amended in the matter following subsection (h) by striking out “shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both” and inserting in lieu thereof “shall be guilty of a felony and upon conviction thereof shall be fined not more than \$5,000 or imprisoned for not more than five years, or both”.

(c) The amendments made by subsections (a) and (b) shall be effective with respect to violations committed after the date of the enactment of this Act.

#### SOCIAL SECURITY CARDS

SEC. 111. (a) Section 205(c)(2) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

“(D) The Secretary shall issue a social security card to each individual at the time of issuance of a

*The*



*social security account number to such individual. The social security card shall be made of banknote paper, and (to the maximum extent practicable) shall be a card which cannot be counterfeited."*

*(b) The amendment made by this section shall apply with respect to all new and replacement social security cards issued more than one hundred and ninety days after the date of the enactment of this Act.*

*(c) Within ninety days after the date of the enactment of this Act the Secretary of Health and Human Services shall report to the Congress on his plans for implementing the amendment made by this section.*

**FUTURE LEGISLATIVE CHANGES IN THE SOCIAL  
SECURITY ACT**

*SEC. 112. It is the sense of Congress that any future legislative changes in the Social Security Act, will not reduce the current dollar amount of monthly old-age, survivors, and disability insurance benefits to which individuals are entitled for the month of enactment.*

**STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME  
HEALTH AIDE DEMONSTRATION PROJECTS**

*SEC. 113. The last sentence of subsection (c)(2) of section 966 of the Omnibus Reconciliation Act of 1980 (as amended by section 2156 of the Omnibus Budget Reconcili-*

ation Act of 1981) is amended by inserting "with at least seven States" after "agreements".

## TITLE II—HIGHWAY REVENUE ACT OF 1981

### SHORT TITLE

SEC. 201. This title may be cited as the "Highway Revenue Act of 1981".

### EXTENSION OF THE TAXES WHICH ARE TRANSFERRED INTO THE HIGHWAY TRUST FUND

SEC. 202. (a) GENERAL RULE.—The following provisions of the Internal Revenue Code of 1954 are amended by striking out "1984" each place it appears and inserting in lieu thereof "1989":

- (1) Section 4041(e) (relating to rate reduction).
- (2) Section 4061(a)(1) (relating to imposition of tax on trucks, buses, etc.).
- (3) Section 4061(b)(1) (relating to imposition of tax on parts and accessories).
- (4) Section 4071(d) (relating to imposition of tax on tires, tubes, and tread rubber).
- (5) Section 4081(b) (relating to imposition of tax on gasoline).
- (6) Section 4481(a) (relating to imposition of tax on use of highway motor vehicles).
- (7) Section 4481(e) (relating to period tax in effect).
- (8) Section 4482(c)(4) (defining taxable period).

(9) Section 6156(e)(2) (relating to installment payments of tax on use of highway motor vehicles).

(10) Section 6421(h) (relating to tax on gasoline used for certain nonhighway purposes or by local transit systems).

(b) **AMENDMENT OF SECTION 6412(a)(1).**—Section 6412(a)(1) of such Code (relating to floor stocks refunds) is amended—

(1) by striking out “1984” each place it appears and inserting in lieu thereof “1989”; and

(2) by striking out “1985” each place it appears and inserting in lieu thereof “1990”.

**EXTENSION OF HIGHWAY TRUST FUND**

**SEC. 203. (a) HIGHWAY TRUST FUND.**—Subsections (c), (e)(1), and (f) of section 209 of the Highway Revenue Act of 1956 (relating to the Highway Trust Fund; 23 U.S.C. 120 note) are amended—

(1) by striking out “1984” each place it appears and inserting in lieu thereof “1990”<sup>A</sup> and

(2) by striking out “1985” each place it appears and inserting in lieu thereof “1991”.

(b) **CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.**—Subsection (b) of section 201 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4061-11) is amended—

(1) *by striking out "1984" and inserting in lieu thereof "1990"; and*

(2) *by striking out "1985" each place it appears and inserting in lieu thereof "1991".*

Attest:

Secretary.



APPOINTMENT OF CONFEREES  
ON H.R. 4331, OMNIBUS RECONCILIATION ACT OF 1981  
AMENDMENTS

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to clause 1, rule XX, I move the direction of the Committee on Ways and Means to disagree with the Senate amendment to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, and request a conference with the Senate thereon.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 1 hour.

Mr. ROSTENKOWSKI. Four years ago, members of the Ways and Means Committee came to the House floor with a social security financing bill that demanded rare political courage. Faced with imminent insolvency of the trust funds, we asked the Congress to vote for a payroll tax increase and significant benefit cuts. We virtually promised this House that those amendments would restore the financial stability of the trust funds—and even show a surplus—in the next 25 years. We reckoned that our proposals would eliminate about four-fifths of the long-range deficit over the next 75 years. That is what we thought 4 years ago. That is what the finest actuaries in the country thought. That is what the elderly and the workers of this country thought.

Well, we were all wrong.

We misjudged the extent of the economic stagnation. We did not anticipate the high rates of inflation that triggered historically large annual cost-of-living benefit increases. Unemployment also rose higher than all projections, cutting tax revenues into the trust funds. The dilemma that we face today is the dilemma that we have faced in the past: Benefits are simply outstripping revenues. And it is happening rapidly—too rapidly not to respond immediately in some way.

Long-range restoration of the social security system rests on one—or a combination of—tough alternatives: reduce benefits, raise taxes or borrow from general revenues—thereby raising income taxes or the Federal deficit. In a perfect world, we might well cloister the Ways and Means Committee for much of the coming year to shape a new financing formula that would reorder the social security system for decades to come. Unfortunately, we do not live in a perfect world.

At no time in recent memory has economic performance appeared less certain. Unemployment and inflation are once again on the move. Growing

pressure for significant alterations to present budget and tax policy is likely to keep the Ways and Means Committee occupied well into next year.

There is, however, a critical short-term step that Congress can take in the meantime that promises to strengthen the OASI trust fund's financial posture over the short run—and also relieve the anxiety of millions of elderly over the loss of their minimum benefit. That is the reason I appear here today to move to go to conference to consider H.R. 4331 as amended by the Senate.

Mr. Speaker, we face two crucial facts that demand our immediate action on this bill.

The first is the fact that if we do nothing, the old age and survivors insurance trust fund will have insufficient funds to pay benefits to retirees and survivors as early as next September.

The second reason for moving ahead today is to restore the minimum benefit—eliminated in the President's budget package—in time to head off warning notices of benefit cuts due to be sent December 3.

Of the three social security trust funds, OASI is by far the largest—and by far the most crucial to the system's credibility. The other two trust funds—disability (DI) and health (HI)—show relatively secure finances over coming years, and consequently stand as available sources for borrowing in the immediate years ahead.

In the absence of certain economic forecasts for the rest of the decade—and the months and months demanded for massive reform of the social security system—the majority of the Committee on Ways and Means has agreed that we should seek immediate authority to allow funds from the two more secure trust funds to be transferred to the OASI fund as required for benefit payment.

While this alternative would certainly improve the immediate situation, it does not fundamentally deal with the fact that the system's income is not certain to meet benefit costs through the decade.

Over the longer term, the situation only becomes more serious.

Interfund borrowing is not a permanent answer to the structural imbalance in the social security system. Let there be no illusions that this is anything more than a tourniquet—a temporary measure that affords the Congress and the administration time to work out the details of a long-range solution.

To those who demand that we rush to judgment, I ask for patience. To those who fear that interfund borrowing will not buy more than 2 or 3 more years of solvency, I promise full-scale legislation before a crisis strikes.

Once again, even more pressing than shoring up OASI is the immediate restoration of the minimum benefit. Both Houses of Congress have overturned





Mr. ROSTENKOWSKI. Mr. Speaker, I yield 8 minutes to the gentleman from New York. (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I thank the distinguished committee chairman for yielding me this time.

Mr. Speaker, there is no way a conference on this legislation can do anything helpful to strengthen substantially the social security system. The House has taken no action on the central issue, and the other body has provided us with a measure that might keep the social security trust funds afloat for a very few years only at best.

Therefore, the hands of the conferees are effectively tied. They can do no more than provide cough syrup for a patient who is dying of chronic pneumonia. This is an absolutely disgraceful situation. Unfortunately, it is the same sort of situation this body has created and maintained for years. We have avoided at virtually every opportunity the tough decisions necessary to put our social security system on a sound basis. We have sought the easy way out. We have allowed the trust funds to come perilously close to disaster time after time—it is small wonder that we have lost confidence in the system—and we are doing precisely that once again.

Not all of us have been so craven or so indifferent to our Nation's basic social security insurance system. To his everlasting credit, the distinguished chairman of the Subcommittee on Social Security, the gentleman from Texas (Mr. PICKLE), has tried to get this body to act responsibly on social security. He has been persistent, but so have those within his own party who do not agree with him and who have preferred to keep the social security system in jeopardy for no other apparent reason than political opportunism.

The gentleman from Texas has lost every skirmish with these adversaries, but time and events eventually will prove he is right, and his or similar views someday will prevail, we can continue to hope.

May I say that they must prevail, Mr. Speaker. The gentleman from Texas is, of course, not the only Member of this body to seek a reasonable solution to the deep-seated financial and other problems associated with our social security system. Many of my Republican colleagues and I on the Ways and Means Committee have been calling for exactly that kind of action for the past decade, and we have gotten nowhere. As a result, the system has been sinking deeper into a quagmire of financial deficit and administrative difficulties.

These problems will not solve themselves. They will not fade; they will just get worse. The losers will continue to be the 115 million Americans who are forced by law currently to contribute to the system and the 36 million who depend upon it for benefits every month. We do them a disservice by

our failure to make the tough decisions. We as a body deserve their condemnation.

I have no objection, Mr. Speaker, to going to conference on this matter, realizing that very little is to be accomplished by it.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate my colleague's making the point that we really are not doing much with this particular proposal that came out of the Senate.

As the chairman of our subcommittee, the gentleman from Texas (Mr. PICKLE), has said, "This is just a rush to do nothing."

The Senate bill only takes the cosmetic approach. It is a very minimal stopgap social security bill which even many Senate Members agreed during debate was temporary.

The fact is the Senate bill will not work because it does not even begin to deal with the main problems facing social security.

Consider the following three facts:

First, the social security system continues to lose \$12,000 every single minute.

Second, the social security system continues to operate in the red as it has for every year since 1975.

Third, the actuaries have repeatedly warned us that over the next 75 years, the social security system will be responsible for \$1.6 trillion more in benefits than it will be able to pay.

The Senate-passed measure makes a very minimal attempt in facing up to the problems facing the system. Reallocating payroll tax rates among the program's three trust funds and allowing interfund borrowing among two of the trust funds, as the Senate legislation proposes, is not the answer.

To make matters worse in this already tangled mess, less than 1 week after passage of the Senate bill new actuarial information reflecting unanticipated increases in the medicare part of social security show that even with the Senate legislation, the medicare fund "will be exhausted" in 1983 or 1984.

For the system's sake and for the millions of present, as well as future, beneficiaries, we must act.

It is not as if there is an absence of choices to restore the financial stability and integrity to the social security program. There are many alternative proposals from which Congress may choose, as contained in packages presented in both the House Social Security Subcommittee and the Senate Finance Committee. All that is lacking is the decisive congressional action needed to insure that the system will remain solvent for many years to come.

I would like to ask my colleague this question: Why does the gentleman suppose that we are not doing what the subcommittee has been trying to

do and what many members of the full committee want to do? Why does the gentleman suppose we are not really addressing an entire reform of this system so that we may really save it?

Mr. CONABLE. Mr. Speaker, I think the gentleman can seek his answer elsewhere. I am at a loss to understand the attitude which says, "Let's coddle it up with bailing wire again," knowing that we are running out of bailing wire, and that the bailing wire is getting pretty rusty and is not going to hold. The longer we wait, the worse the difficulties are going to be in achieving any long-term solution.

Mr. ROUSSELOT. Let me ask, does the gentleman think any of this is political?

Mr. CONABLE. I hesitate to draw that conclusion. I cannot believe the Members would play politics with this important institution.

Mr. ROUSSELOT. And with the 36 million recipients of social security.

Mr. CONABLE. And with the 115 million people who are required to contribute to it.

Mr. ROUSSELOT. I hope that they are not playing politics, but we begin to wonder after awhile.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for yielding.

I also want to commend the chairman of the Subcommittee on Social Security, the gentleman from Texas (Mr. PICKLE), and the chairman of the Committee on Ways and Means, the gentleman from Illinois (Mr. ROSTENKOWSKI), for attempting to bring constructive answers to this floor.

We cannot continue to waste the leadtime that is so desperately needed for solutions to the problems of social security. The one thing we have learned in this Congress, if nothing else, is that any significant changes need to be phased in with adequate advance warning.

If we merely accept the Senate provisions to reallocate from the health fund to the retirement fund and to borrow from disability, we will still see a health fund which could be short of money as early as the end of 1983. We desperately need as much time as possible. We do not need to merely patch this up until after the next election. I know it is difficult to act in an election year, but we have no choice, in my opinion.

Mr. Speaker, I hope that when the motion to instruct is presented to this floor, it will receive overwhelming support.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota (Mr. VENTO).

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, first of all, I want to commend the chairman

the President's early attempt to eliminate the minimum benefit. We all agree that the Nation's elderly should not have a benefit taken away on such short notice. We all agree that no elderly person should endure anxiety over the loss of his current minimum benefit any longer—that the Congress has an obligation to act before benefit reduction notices go into the mail.

We are all painfully aware that we ran out of easy answers to the financial problems facing the social security system years ago. We have learned over and over again how vulnerable the financial stability of the system is to fluctuations in the national economy.

We are also sensitive to the political implications of the slightest attempt to change the functioning of the system. No issue we regularly face in Congress is more politically fearful—or more potentially threatening.

Ours is not a permanent response to the social security dilemma—nor the bravest. We all recognize that. It is a response to the immediate anxieties of the Nation's elderly. At this time, we owe them no less.

□ 1600

Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. PICKLE).

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, the vote in the Committee on Ways and Means today was a strong indication of the growing concern on the part of Members of Congress that the problems facing social security need to be addressed. The proposal that was offered on a bipartisan basis by myself and Mr. CONABLE of New York, ranking Republican on Ways and Means, was aimed at the long-term problems of social security in an effort to break the impasse all sides have faced on this issue.

It shows that we can work together in a constructive way and it portends well for future action.

Right now we recognize that the bill moving through conference will correct neither the short-term nor the long-term problems we face. It will correct the minimum benefit and buy us a few more months of grace through reallocation and/or interfund borrowing. That is all. But the larger issues remain basically untouched—except that we have come one step further toward realizing that they must be addressed.

No one is arguing that the trust funds are not going down. The only argument is when—and how quickly we should do something about it.

No one is arguing there is little or no confidence in social security. In the short run, a majority now believe social security will default fairly soon. In the long run three quarters of

those under 40 do not expect to see a dime from social security. The only argument is when and how to restore that confidence.

The Subcommittee on Social Security, working quietly and without fanfare, made a lot of progress—particularly toward addressing the long-range problems in social security. And through that progress we offered an opportunity to rebuild confidence in the program.

The President, in his sincere proposals, reached too far, scared people too badly and blew this issue sky high. And the Congress, both House and Senate, has shown an understandable reluctance to address this issue seriously ever since.

Nevertheless, as we rush to do nothing, we should at least slow down long enough to realize what we will face when the budget projections come out in January, when the social security trustees report comes out in early summer, when the midsession review arrives, and when press reports appear throughout the year as the Statutory Advisory Council and perhaps the President's task force meet.

First, even under intermediate projections the three trust funds will begin 1982 with 20 percent reserves—about 10 weeks worth of benefits—1983 with 18 percent reserves; 1984 with 16 percent reserves; and 1985 with 12 percent reserves—about 1½ months.

Second, our chances of hitting even these targets are almost nil—as they are with any projections based on any assumptions. As late as 1979 we were projecting 7.4 percent CPI and 0.6 percent real wage growth for last year. Last year we had 13.5 percent, not 7.4 percent, CPI, and we had minus 5 percent, not plus 0.6 percent, real wage growth.

It is helpful to put aside projections and look at what has to happen for us actually to go broke in, say, 1984. To do that we need only have minus 1 percent real wage growth—which we now have. Or we need to have 12 percent inflation, and inflation the last 4 months has averaged 11.1 percent. Or we need to have medicare expenditures rising at 23 percent, and for 1980, they did rise at 21.4 percent. In other words, we are not far from hitting three out of three—and we only have to hit one out of three not to make it past 1984.

When the problem hits the next time, there will be no interfund borrowing and no band-aids. All three funds will be in trouble.

Throughout next year, and throughout our campaigns, the people will know—as they know now—that social security is going under and we have done nothing.

What will this bill (H.R. 4331) do to improve the reserves in social security? Nothing.

What will this bill (H.R. 4331) do to improve the confidence of our young in social security? Nothing.

I am not saying we can do anything. In the present mess it is difficult even to discuss the facts. But if we do nothing, we will have nothing to crow about either.

We are hung up on the short range. The President wants cutbacks. I and others have proposed indirect general revenues in medicare in some form. Most of us want neither, and no one is talking payroll tax increases.

But, we can address the confidence problem if we will. We can say to our youth that we are willing to take steps now to insure their benefits in the future. And we can give some sign to the people that we will do more than reach for panic buttons and band-aids when social security has problems.

The long range is the key to the confidence. With it, the short range becomes more manageable. Without it the short range is only the first of a series of pitfalls.

And the long-range problem will be there. Right now the long-range deficit in OASDI is -1.65 percent of payroll. It is manageable. If we wait—if we wait until it is upon us, it will be closer to 4 percent of payroll, or about \$50 billion a year in current dollars, a much bigger problem.

I will continue to propose we break out of this fearful standoff rationally and without recriminations. In one national poll taken in September, 82 percent said they felt it was necessary for Congress to revise the financing of social security during the next year or so; 77 percent said they felt it necessary for Congress to revise the benefits during the next year or so. The message is out there. They will bring it home to us one way or another.

And most important, the social security program does have problems, problems that will only get worse as we wait, problems that will continue to cause all our citizens concern and worry needlessly.

It looks like we cannot get a vote on the long range proposals in view of the vote today. That is regrettable. We must continue to try.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I just briefly wanted to compliment the chairman of our subcommittee for this effort to genuinely try to face up to the problems of the system on a long-range basis. And most important try to do something constructive to save the system.

□ 1610

Both in subcommittee and in the full committee today the gentleman from Texas (Mr. PICKLE) made a real effort to try to implement ideas that we had discussed extensively in the subcommittee to genuinely save the system on a long-range basis, and I compliment him on that effort.

and substitute therefor provisions authorizing interfund borrowing only, for a fixed period of time and with appropriate pay-back requirements.

The SPEAKER pro tempore. The gentleman from New York (Mr. CONABLE) is recognized for 1 hour.

Mr. CONABLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I urge the House to support this motion to instruct. It will insure that the conferees will not reduce benefits for those persons currently receiving only social security or only social security benefits and SSI.

It will also instruct those portions of the measure related to the reallocation of tax rates and substitute therefore provisions authorizing interfund borrowing only. The purpose of this is to give greater flexibility to the managers of the trust funds rather than reallocating for a specific period of time a portion of the payroll tax which we are now told by actuaries of the social security system will leave the HI trust fund in some peril.

I do not wish to belabor the motion to instruct any further, but I urge my colleagues to support it.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Minnesota.

Mr. VENTO. First of all, I think it is good that the gentleman makes an effort not to reduce any benefits for anyone receiving currently only social security. But does that mean that the gentleman's language would not cover those that might be receiving other types of benefits such as other forms of unearned income?

Mr. CONABLE. Other forms of unearned income?

Mr. VENTO. Yes.

Mr. CONABLE. I do not think we have any jurisdiction over that.

Mr. VENTO. What does the gentleman mean in his motion when he says only receiving social security?

I do not quite understand that. I only heard it read, but I am interested and curious as to what the gentleman means by that.

Mr. CONABLE. As the gentleman knows, the bill in the other body provides for reductions for people receiving other types of benefits. If they receive only social security or only social security and SSI, my instructions would limit the protections to those people in particular.

Mr. VENTO. If the gentleman will yield further, would this, in the gentleman's judgment, prevent a reduction of this passage of this, or the instruction to the conferees not to reduce the family benefit, as an example, because it instructs not to reduce benefits of those receiving only that benefit? Is it the gentleman's judgment that would be the instruction to the conferees, to fight any reduction in the family benefit?

Mr. CONABLE. I think I will have to stick with the wording that I have here as "no person." It does not deal

with family benefits as such. The purpose of this is to make it prospective only.

Mr. VENTO. Prospective only in the sense that this would apply to the future?

Mr. CONABLE. Relating to the individuals and their current benefits.

Mr. VENTO. If the gentleman will yield further, I think that it is good as far as it goes. I fear that it does not go far enough because of the nature of the measure that we have before us in terms of what it does.

Mr. CONABLE. I regret that the gentleman is disappointed.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield to me?

Mr. CONABLE. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. As the gentleman from New York knows, going to conference under instructions is always a difficult proposition.

Mr. CONABLE. Yes.

Mr. ROSTENKOWSKI. Of course, I would oppose the gentleman's motion to instruct for fear that we will be bound by the motion.

Mr. CONABLE. I understand the chairman's position.

Mr. ROSTENKOWSKI. But I certainly hope the motion is not agreed to.

Mr. CONABLE. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. CONABLE).

The motion was agreed to.

Mr. VENTO. Mr. Speaker, I have a preferential motion at the desk to instruct.

#### POINT OF ORDER

Mr. CONABLE. Mr. Speaker I have a point of order.

It is my understanding that only one motion to instruct lies.

The SPEAKER pro tempore. The Chair will state that the point is well taken.

#### PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4331

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a conference report on the bill, H.R. 4331.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### PERMISSION TO CONSIDER REPORT ON H.R. 4331 ON TOMORROW OR ANY DAY THEREAFTER

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that it may be in order in the House to consider the conference report to accompany the bill, H.R. 4331, on Thursday, November 5, 1981, or any day thereafter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees on the bill, H.R. 4331: Messrs. ROSTENKOWSKI, PICKLE, RANGEL, JACOBS, GEPHARDT, CONABLE, ARCHER, and GRADISON.

There was no objection.

of the committee for his formal attention to the measure going to conference.

Indeed, under the guise of a half-hearted restoration of minimum benefits, the Senate has worked havoc with the social security program. I might remind my colleagues that most of this problem emanates from the fact that this is part of the reconciliation motion that was passed by this body. And, we would not be facing this problem if we had not stood the committee process and the processes in this body on their head in order to achieve the type of changes that perhaps are necessary and even warranted in social security.

So we have been fighting a battle, and it is one in which our committees, and the experts who deal with these issues, have not had the opportunity to fully examine the problems.

But make no mistake about it, this bill that the Senate has sent back to us with the overenthusiasm of the restoration of the minimum benefits in some sort of shape, form, or manner does far more than just restore partially the minimum benefit. It, first of all, initiates for the first time in the history of this system a means test for social security—no less than one that aims specifically at eliminating benefits for public employees, any public employee, that is, a teacher, a State or local employee, a Federal employee, anyone in the military. Anyone who gets a pension of over \$300 a month would suffer a reduction in benefits.

And indeed it is eligibility, not an earned or unearned benefit, as some have sought to debate on this floor over the last month that is the issue here.

Perhaps more importantly is the new ground the cuts the Senate has made in the family benefit. Under the Senate bill, all families with more than one dependent will have their benefits reduced. And indeed, those who receive the least in terms of the family benefits are those who are going to suffer the greatest cuts by these provisions the Senate has passed over to us as a modified minimum benefit.

And it goes even further than that. The fact is, that the dollars saved by virtue of the reduction in the family maximum are nearly 10 times as much as would be saved if they had completely struck the minimum benefit.

So, under the guise of doing nothing, the Senate has done a great deal. Under the restoration of the minimum benefits, there are deep cuts in terms of family benefits, and, interestingly enough, they are aimed at those who receive the least from the system.

Those of us who are fighting against these cuts will, I hope, be somewhat successful. I hope this conference will recognize the strong interest of this House in this legislation. We need more than the Senate's version of restoration of the minimum benefits, that is, we need total restoration, and

no reduction in family benefits. That is the issue we will have before us in conference. This is of immediate and great concern.

We do have problems with the system. But I suggest to the Members that when we have a declining wage base and people are unemployed, when wages do not keep pace with inflation, and we have an economic system that is going in the wrong direction, that is what social security's real problem is all about. That is what is going to compound the problem. We do not have too many or too high benefits.

The Senate solution is sort of like bleeding the patient in order to cure the disease. If we bleed him just a little bit, perhaps bleeding him a whole lot more is going to work, and that will make the system healthy.

Social security is a big piece of what the Federal and National Government is about, and not just what this economy is.

□ 1620

It is a big sign to all of us of the problems that this particular Reagan economic program is having in our particular society, and you had better face up to that because there is more of this coming down the pike. You are not going to correct this system unless you correct the economic circumstances that surround it.

So, Mr. Speaker, I hope the conferees will hold up, and I would like the chairman to yield to me for a question. What is his feeling about the family maximum? And, what is the intent of the gentleman in going to conference with respect to the family benefit?

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. I thank the chairman for yielding.

I would just like to say how happy I am that we are beginning finally to get some minimum-benefit issues resolved. I think to go back, we have to remember that the minimum benefit was removed in the Reagan budget proposal which passed this House last summer and, ever since that time, millions of Americans have been deeply concerned at this action of the Congress, cutting social security benefits for people receiving them for the first time in history.

I am also heartened to hear that my colleagues on the other side of the aisle are saying some things that they had not been saying earlier in this year, things like social security beneficiaries should get notice before changes are made. Of course, the Reagan proposal would not have given any notice to the early removal people, people retiring next year at the age of 62 who would have had their benefits cut by 30 percent. I am glad to see some movement away from that proposal from the other side of the aisle, and I am glad to hear them

say that this problem cannot wait until 1983.

The Democratic leadership in the House of Representatives has been saying ever since the President's proposed task force on social security that the task force report should not come back in 1983 but should be back in the spring of 1982. Americans are deeply concerned about social security and we want to work together to try to solve that problem in a fair way, a way that gives people notice about what we are going to do with the system, a way that does not cut benefits for people as the Reagan proposals would have, and in a way that is going to do it promptly and not wait until 1983.

So I am glad to hear that people on the other side of the aisle are saying that they agree with us on this side of the aisle in not wanting to delay, and agreeing with us on this side that adequate notice should be given before any changes are made in the social security system, backing off from the earlier Reagan position.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield to the gentleman from New York.

Mr. CONABLE. May I ask the gentleman how he voted a few moments ago on an opportunity offered by the leader of his subcommittee to deal with some of the long-term problems of social security?

Mr. SHANNON. Is the gentleman asking how I voted on the COLA proposal?

Mr. CONABLE. No. I am asking the gentleman how he voted on the Pickle proposal to deal with the long-term problems of social security.

Mr. SHANNON. If the gentleman is asking how I voted on the then proposal to reduce benefits in the future for all beneficiaries—

Mr. CONABLE. No, that is not what I am asking the gentleman, and the gentleman knows very well I am not asking that. He is saying a different thing now than he said in committee.

Mr. SHANNON. I voted against that.

Mr. ROSTENKOWSKI. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI).

The motion was agreed to.

MOTION TO INSTRUCT OFFERED BY MR. CONABLE

Mr. CONABLE. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. CONABLE moves that the conferees be instructed to (1) support those aspects of the House bill (H.R. 4331) necessary to insure that no person currently receiving only social security benefits or only social security benefits and SSI will have those benefits reduced by the conference agreement, and (2) strike those portions of the measure related to reallocation of tax rates



**RESTORATION OF MINIMUM SOCIAL  
SECURITY BENEFITS**

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 4331.

The PRESIDING OFFICER (Mr. JEPSEN) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BAKER. Mr. President, I move that the Senate insist on its amendment, agree to the request of the House to a conference and that the Chair be authorized to appoint conferees.

The motion was agreed to; and the President Officer appointed Mr. DOLE, Mr. ARMSTRONG, Mr. HEINZ, Mr. LONG, and Mr. MOYNIHAN conferees on the part of the Senate.

---





---

SOCIAL SECURITY AMENDMENTS OF 1981

---

DECEMBER 14, 1981.—Ordered to be printed

---

Mr. ROSTENKOWSKI, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany H.R. 4331]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*INTERFUND BORROWING*

*SECTION 1. (a) Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:*

*“(1) If at any time prior to January 1983 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, the Managing Trustee may borrow such amounts as he determines to be appropriate from the other such Trust Fund, or from the Federal Hospital Insurance Trust Fund established under section 1817, for transfer to and deposit in the Trust Fund whose need for financing is involved.*

*“(2) In any case where a loan has been made to a Trust Fund under paragraph (1), there shall be transferred from time to time, from the borrowing Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to*

the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (d).

"(3) If in any month after a loan has been made to a Trust Fund under paragraph (1), the Managing Trustee determines that the assets of such Trust Fund are sufficient to permit repayment of all or part of any loans made to such Fund under paragraph (1), he shall make such repayments as he determines to be appropriate.

"(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection."

(b) Section 1817 of such Act is amended by adding at the end thereof the following new subsection:

"(j)(1) If at any time prior to January 1983 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Hospital Insurance Trust Fund, the Managing Trustee may borrow such amounts as he determines to be appropriate from either the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund for transfer to and deposit in the Federal Hospital Insurance Trust Fund.

"(2) In any case where a loan has been made to the Federal Hospital Insurance Trust Fund under paragraph (1), there shall be transferred from time to time, from such Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (c).

"(3) If in any month after a loan has been made to the Federal Hospital Insurance Trust Fund under paragraph (1), the Managing Trustee determines that the assets of such Trust Fund are sufficient to permit repayment of all or part of any loans made to such Fund under paragraph (1), he shall make such repayments as he determines to be appropriate.

"(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection."

(c) The amendments made by this section shall be effective on the date of the enactment of this Act.

#### CONTINUATION OF MINIMUM BENEFITS FOR EXISTING BENEFICIARIES

SEC. 2. (a)(1) Section 215(a)(5) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(A) in the first sentence, by striking out ", and the table for determining primary insurance amounts and maximum family benefits contained in this section in December 1978 shall be modified as specified in paragraph (6)"; and

(B) in the last sentence, by striking out ", modified by the application of paragraph (6)."

(2) Section 215(a)(6)(A) of the Social Security Act (as added by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is amended by striking out "The table of benefits" and all that follows down through "shall be extended" and inserting in lieu thereof the following "In applying the table of benefits in effect in December 1978 under this section for purposes of the last sentence of para-

graph (4), such table, revised as provided by subsection (i), as applicable, shall be extended”.

(b) Section 215(f)(7) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(1) by striking out the period at the end of the second sentence and inserting in lieu thereof “, and (effective January 1982) the recomputation shall be modified by the application of subsection (a)(6) where applicable.”; and

(2) by striking out the last sentence.

(c) Section 215(i)(2)(A)(iii), of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by inserting after “this title” the following: “and, with respect to a primary insurance amount determined under subsection (a)(1)(C)(i)(I) in the case of an individual to whom that subsection (as in effect in December 1981) applied, subject to the provisions of subsection (a)(1)(C)(i) and clauses (iv) and (v) of this subparagraph (as then in effect)”.

(d) Section 215(i)(4) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out “, modified by the application of subsection (a)(6),” each place it appears.

(e) Section 202(q) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(1) in paragraph (4), by striking out “changed” and “change” each place they appear and inserting in lieu thereof “increased” and “increase”, respectively; and

(2) in paragraph (10), by striking out “changed”, “change”, and “changes” each place they appear and inserting in lieu thereof “increased”, “increase”, and “increases”, respectively.

(f) Section 203(a)(8) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out “, modified by the application of section 215(a)(6),”.

(g) Section 217(b)(1) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out “, and as modified by the application of section 215(a)(6),”.

(h) Section 1622 of the Social Security Act (as added by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is repealed.

(i) Subsection (e) of section 2201 of the Omnibus Budget Reconciliation Act of 1981 is repealed.

(j)(1) Subsection (h) of section 2201 of the Omnibus Budget Reconciliation Act of 1981 is repealed, effective September 1, 1981.

(2) Except as provided in paragraphs (3) and (4), the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (other than subsection (f) thereof), together with the amendments made by the preceding subsections of this section, shall apply with respect to benefits for months after December 1981; and the amendment made by subsection (f) of such section 2201 shall apply with respect to deaths occurring after December 1981.

(3) Such amendments shall not apply—

(A) in the case of an old-age insurance benefit, if the individual who is entitled to such benefit first became eligible (as de-

defined in section 215(a)(3)(B) of the Social Security Act) for such benefit before January 1982,

(B) in the case of a disability insurance benefit, if the individual who is entitled to such benefit first became eligible (as so defined) for such benefit before January 1982, or attained age 62 before January 1982,

(C) in the case of a wife's or husband's insurance benefit, or a child's insurance benefit based on the wages and self-employment income of a living individual, if the individual on whose wages and self-employment income such benefit is based is entitled to an old-age or disability insurance benefit with respect to which such amendments do not apply, or

(D) in the case of a survivors insurance benefit, if the individual on whose wages and self-employment income such benefit is based died before January 1982, or dies in or after January 1982 and at the time of his death is eligible (as so defined) for an old-age or disability insurance benefit with respect to which such amendments do not apply.

(4) In the case of an individual who is a member of a religious order (within the meaning of section 3121(r)(2) of the Internal Revenue Code of 1954), or an autonomous subdivision of such order, whose members are required to take a vow of poverty, and which order or subdivision elected coverage under title II of the Social Security Act before the date of the enactment of this Act, or who would be such a member except that such individual is considered retired because of old age or total disability, paragraphs (2) and (3) shall apply, except that each reference therein to "December 1981" or "January 1982" shall be considered a reference to "December 1991" or "January 1992", respectively.

#### EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY

SEC. 3. (a) Clause (2) of section 209(b) of the Social Security Act is amended by inserting immediately after "sickness or accident disability" the following: "(but, in the case of payments made to an employee or any of his dependents, this clause shall exclude from the term 'wages' only payments which are received under a workmen's compensation law)".

(b)(1) Subparagraph (B) of section 3121(a)(2) of the Internal Revenue Code of 1954 (defining wages for purposes of the Federal Insurance Contributions Act) is amended to read as follows:

"(B) sickness or accident disability (but, in the case of payments made to an employee or any of his dependents, this subparagraph shall exclude from the term 'wages' only payments which are received under a workmen's compensation law), or".

(2) Section 3121(a) of such Code is further amended by adding at the end thereof (after and below paragraph (18)) the following new sentence:

"Except as otherwise provided in regulations prescribed by the Secretary, any third party which makes a payment included in wages solely by reason of the parenthetical matter contained in subparagraph (B) of paragraph (2) shall be treated for purposes of this chapter and chapter 22 as the employer with respect to such wages."

(c) Subsection (e) of section 3231 of such Code (defining compensation for purposes of the Railroad Retirement Tax Act) is amended by adding at the end thereof the following new paragraph:

*"(4)(A) For purposes of applying sections 3201(b) and 3221(b) (and so much of section 3211(a) as relates to the rates of the taxes imposed by sections 3101 and 3111), in the case of payments made to an employee or any of his dependents on account of sickness or accident disability, clause (i) of the second sentence of paragraph (1) shall exclude from the term 'compensation' only—*

*"(i) payments which are received under a workmen's compensation law, and*

*"(ii) benefits received under the Railroad Retirement Act of 1974.*

*"(B) Notwithstanding any other provision of law, for purposes of the sections specified in subparagraph (A), the term 'compensation' shall include benefits paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness, except to the extent that such sickness (as determined in accordance with standards prescribed by the Railroad Retirement Board) is the result of on-the-job injury.*

*"(C) Under regulations prescribed by the Secretary, subparagraphs (A) and (B) shall not apply to payments made after the expiration of a 6-month period comparable to the 6-month period described in section 3121(a)(4).*

*"(D) Except as otherwise provided in regulations prescribed by the Secretary, any third party which makes a payment included in compensation solely by reason of subparagraph (A) or (B) shall be treated for purposes of this chapter as the employer with respect to such compensation."*

*(d)(1) The regulations prescribed under the last sentence of section 3121(a) of the Internal Revenue Code of 1954, and the regulations prescribed under subparagraph (D) of section 3231(e)(4) of such Code, shall provide procedures under which, if (with respect to any employee) the third party promptly—*

*(A) withholds the employee portion of the taxes involved,*

*(B) deposits such portion under section 6302 of such Code, and*

*(C) notifies the employer of the amount of the wages or compensation involved,*

*the employer (and not the third party) shall be liable for the employer portion of the taxes involved and for meeting the requirements of section 6051 of such Code (relating to receipts for employees) with respect to the wages or compensation involved.*

*(2) For purposes of paragraph (1)—*

*(A) the term "employer" means the employer for whom services are normally rendered,*

*(B) the term "taxes involved" means, in the case of any employee, the taxes under chapters 21 and 22 which are payable solely by reason of the parenthetical matter contained in subparagraph (B) of section 3121(a)(2) of such Code, or solely by reason of paragraph (4) of section 3231(e) of such Code, and*

*(C) the term "wages or compensation involved" means, in the case of any employee, wages or compensation with respect to which taxes described in subparagraph (B) are imposed.*

*(e) For purposes of applying section 209 of the Social Security Act, section 3121(a) of the Internal Revenue Code of 1954, and section 3221(e) of such Code with respect to the parenthetical matter contained in section 209(b)(2) of the Social Security Act or section*

3121(a)(2)(B) of the Internal Revenue Code of 1954, or with respect to section 3231(e)(4) of such Code (as the case may be), payments under a State temporary disability law shall be treated as remuneration for service.

(f) Notwithstanding any other provision of law, no penalties or interest shall be assessed on account of any failure to make timely payment of taxes, imposed by section 3101, 3111, 3201(b), 3211, or 3221(b) of the Internal Revenue Code of 1954 with respect to payments made for the period beginning January 1, 1982, and ending June 30, 1982, to the extent that such taxes are attributable to this section (or the amendments made by this section) and that such failure is due to reasonable cause and not to willful neglect.

(g)(1) Except as provided in paragraph (2), this section (and the amendments made by this section) shall apply to remuneration paid after December 31, 1981.

(2) This section (and the amendments made by this section) shall not apply with respect to any payment made by a third party to an employee pursuant to a contractual relationship of an employer with such third party entered into before December 14, 1981, if—

(A) coverage by such third party for the group in which such employee falls ceases before March 1, 1982, and

(B) no payment by such third party is made to such employee under such relationship after February 28, 1982.

#### PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

SEC. 4. (a) Section 208(g) of the Social Security Act is amended—

(1) by inserting “or for the purpose of obtaining anything of value from any person,” before “or for any other purpose” in the matter preceding paragraph (1); and

(2) by adding after paragraph (2) the following new paragraph:

“(3) knowingly alters a social security card issued by the Secretary, buys or sells a card that is, or purports to be, a card so issued, counterfeits a social security card, or possesses a social security card or counterfeit social security card with intent to sell or alter it; or”.

(b) Section 208 of such Act is further amended by striking out “shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both” in the matter following subsection (h) and inserting in lieu thereof “shall be guilty of a felony and upon conviction thereof shall be fined not more than \$5,000 or imprisoned for not more than five years, or both”.

(c) The amendments made by subsections (a) and (b) shall be effective with respect to violations committed after the date of the enactment of this Act.

#### STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

SEC. 5. The last sentence of subsection (c)(2) of section 966 of the Omnibus Reconciliation Act of 1980 (as added by section 2156 of the Omnibus Budget Reconciliation Act of 1981) is amended by inserting “with at least seven States” after “agreements”.

INFORMATION WITH RESPECT TO PRISONERS

SEC. 6. Section 223(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, any agency of the United States Government or of any State (or political subdivision thereof) shall make available to the Secretary, upon written request, the name and social security account number of any individual who is confined in a jail, prison, or other penal institution or correctional facility under the jurisdiction of such agency, pursuant to his conviction of an offense which constituted a felony under applicable law, which the Secretary may require to carry out the provisions of this subsection."

REPORT TO CONGRESS

SEC. 7. The Secretary of Health and Human Services shall report to the Congress within ninety days after the date of the enactment of this Act with respect to the actions being taken to prevent payments from being made under title II of the Social Security Act to deceased individuals, including to the extent possible the use of the death records available under the medicare program to screen the cash benefit rolls for such deceased individuals.

And the Senate agree to the same.

DAN ROSTENKOWSKI,  
J. J. PICKLE,  
CHARLES B. RANGEL  
(except for section 3),  
ANDREW JACOBS, Jr.,  
RICHARD A. GEPHARDT,  
BARBER B. CONABLE, Jr.,  
WILLIS GRADISON,

*Managers on the Part of the House.*

BOB DOLE,  
W. L. ARMSTRONG,  
JOHN HEINZ,  
RUSSELL LONG,  
DANIEL MOYNIHAN,

*Managers on the Part of the Senate.*





**JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF  
CONFERENCE**

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

**INTERFUND BORROWING**

*Present law.*—The present law tax rates for OASDI and HI, and the allocation of the OASDI tax rate between OASI and DI are shown below. No authority exists for administratively transferring funds from one trust fund to another.

**PRESENT LAW OASDHI TAX RATES**

	OASI	DI	HI	Total
<i>Employees and employers, each (in percent):</i>				
1982 .....	4.575	0.825	1.30	6.70
1983 .....	4.575	.825	1.30	6.70
1984 .....	4.575	.825	1.30	6.70
1985 .....	4.750	.950	1.35	7.05
1986-89 .....	4.750	.950	1.45	7.15
1990-2004 .....	5.100	1.100	1.45	7.65
2005 and after .....	5.100	1.100	1.45	7.65
<i>Self-employed (in percent):</i>				
1982 .....	6.8125	1.2375	1.30	9.350
1983 .....	6.8125	1.2375	1.30	9.350
1984 .....	6.8125	1.2375	1.30	9.350
1985 .....	7.1250	1.4250	1.35	9.900
1986-89 .....	7.1250	1.4250	1.45	10.000
1990-2004 .....	7.6500	1.6500	1.45	10.750
2005 and after .....	7.6500	1.6500	1.45	10.750

*House bill.*—No provision.

*Senate amendment.*—Section 101 of the amendment would authorize borrowing between the OASI and DI trust funds at any time prior to January 1991. The Managing Trustee, the Secretary

of the Treasury, would determine when borrowing would be appropriate to meet the need to finance the benefit payments from these trust funds. The Managing Trustee would be authorized to borrow any amounts which he determines to be appropriate from either of these trust funds for transfer to and deposit in the other trust fund.

In any case where a loan had been made, interest would be paid by the borrowing fund to the lending fund at a rate equal to the rate the lending trust fund would earn on the unrepaid amount if the loan were a regular investment.

Whenever the Managing Trustee determined that the assets of the borrowing trust fund were sufficient to permit repayment of all, or part, of any loans made, he would make such repayments as he determines to be appropriate.

The Board of Trustees would be required to make a timely report to the Congress of any amounts borrowed or repaid (including interest payments).

Section 102 of the Senate amendment revises the distribution of social security taxes between the OASI, DI, and HI trust funds for 1982 and later, but did not alter the overall OASDHI combined tax rate under present law.

PROPOSED REALLOCATION OF OASDHI TAX RATES

	OASI	DI	HI	Total
<i>Employees and employers, each (in percent):</i>				
1982 .....	5.185	0.715	0.80	6.70
1983 .....	5.035	.665	1.00	6.70
1984 .....	4.855	.595	1.25	6.70
1985 .....	5.005	.595	1.45	7.05
1986-89 .....	5.100	.600	1.45	7.15
1990-2004 .....	5.150	.750	1.75	7.65
2005 and after .....	5.450	.750	1.45	7.65
<i>Self-employed (in percent)</i>				
1982 .....	7.5150	1.0350	0.800	9.350
1983 .....	7.3750	0.9750	1.000	9.350
1984 .....	7.2150	0.8850	1.250	9.350
1985 .....	7.5500	0.9000	1.450	9.900
1986-89 .....	7.6500	0.9000	1.450	10.000
1990-2004 .....	7.8550	1.1450	1.750	10.750
2005 and after .....	8.1750	1.1250	1.450	10.750

*Conference agreement.*—The conference agreement does not include the Senate provision with respect to changing the social security tax rates or the allocation of the OASDI tax rate between the OASI and DI trust funds. The conference agreement would authorize borrowing of existing assets between the OASI, DI, and HI trust funds under the same conditions and requirements as provided in the Senate amendment except with regard to effective date for borrowing between the OASI and DI trust funds. Under the conference agreement, the borrowing authority would be effective from the date of enactment through December 31, 1982. In determining that borrowing under this provision is appropriate in order to best meet the need for financing the benefit payments under any of the three trust funds, the Managing Trustee should, after consultation with the other trustees, make such determination no less frequently than on a monthly basis. In no case shall such interfund borrow-

ing make adjustments in the trust funds insuring benefit payments for a period more than six months beyond the date of such determination.

**RESTORATION OF MINIMUM BENEFIT FOR CURRENT RECIPIENTS  
(SECTION 2)**

*Present law.*—The minimum benefit for all present and future beneficiaries will be eliminated. No person becoming eligible for old-age or disability benefits after October 1981 will be entitled to the minimum benefit. Benefits payable to new beneficiaries will be based on their actual earnings.

All other persons will be affected beginning with benefits payable for the month of March 1982. Their benefits will be recomputed based on their actual earnings record and according to recomputation procedures prescribed in regulations issued by the Secretary of HHS. In addition, persons aged 60 to 64 who are entitled to a minimum benefit for the month of February 1982 will become eligible for a special SSI benefit if they qualify under all SSI rules except that pertaining to age. The amount of the special SSI payment will be limited to the difference between the minimum benefit the individual received in February 1982 (without regard to the earnings test) and the recalculated benefit. These SSI payments will not be adjusted for increases in the cost of living, nor will these 60 to 64 year old persons become eligible for certain other benefits including State supplementation, food stamps, medicaid, or social services as a result of this provision.

This provision was adopted in section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-37).

*House bill.*—The House bill would repeal section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), thereby reinstating the OASDI minimum benefit provision as it existed under prior law for both current and future beneficiaries.

*Senate amendment.*—Section 103 of the amendment would restore the minimum benefit for all people who are eligible for benefits before November 1981 and who are residents of the 50 States, District of Columbia, Puerto Rico, Guam, Virgin Islands, and American Samoa. Among this group of beneficiaries, those with governmental pensions would, beginning with benefits for June of 1982, have their minimum benefit reduced dollar-for-dollar for the portion of their governmental pensions above \$300, but not below the amount of the benefit based on their actual earnings. This offset would apply only to the benefits of retired or disabled workers; it would not affect survivors' or dependents' benefits.

For members of religious orders who have taken a vow of poverty and who were first covered under the social security program prior to the date of enactment as a result of amendments adopted in 1972, the provision would apply the elimination of the minimum benefit for future recipients, only to those who become eligible after October 1991.

*Conference agreement.*—The conference agreement restores the minimum benefit for all people who are eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. Also, the elimination of the minimum benefit for future recipients applies to members of religious orders who have taken a vow of poverty, who were first covered

under the social security program prior to the date of enactment, and who become eligible after October 1991.

For current recipients to whom the minimum benefit would be restored, the conference agreement does not include the provision of the Senate amendment that limits the restoration to residents of the United States and does not include the provision reducing the minimum benefit dollar-for-dollar for those also receiving governmental pensions above \$300.

EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY— SECTION

3

*Present law.*—Payments made to or on behalf of an employee of a private employer on account of sickness or accident disability are subject to social security taxes and are treated as covered earnings unless they are either: (1) paid under a qualified plan or system; or (2) paid after the employee has not worked for the employer for more than six months. A qualified plan or system is one that applies to the employees of a firm generally or to a class or classes of employees. The existence of a plan or system is shown if the plan or system is in writing or is otherwise made known to employees (for example, through the medium of a bulletin board notice or the long and established practice of the employer). Other indications of the existence of a plan or system include, but are not limited to, contractual references to a plan or system, employer contributions to a plan, or segregated accounts for the payment of benefits.

With respect to railroad employment, the Railroad Retirement Tax Act, sec. 3201 et seq. of the Internal Revenue Code, excludes from taxable compensation the amount of any payment (including any amount paid by an employer for insurance or annuities) made to, or on behalf of, an employee or any of his dependents under a plan or system, on account of sickness or accident disability.

Under the Railroad Unemployment Insurance Act (sec. 2(a)) certain daily benefits are paid from the railroad unemployment insurance account for qualified employees for each day of sickness after the fourth consecutive day of sickness in a period of continuing sickness. In general, the daily benefit rate for such sickness is an amount equal to sixty percent of the employee's daily rate of compensation in a base year, but not less than \$12.70 nor in excess of \$25.00 per day. The maximum number of days of sickness within a benefit year for which benefits may be paid to an employee is one hundred and thirty (26 weeks). Under present law these sickness and disability benefits are not taxable compensation for railroad retirement tax purposes.

*House bill.*—No provision.

*Senate amendment.*—Section 104 of the amendment would remove the exclusion of certain sick pay received under a plan or system during the first six months the employee is off work. However, payments made by an insurance company would still be exempt unless the company is owned, to a substantial extent, by the employer, or the insurance company has an administrative-services-only contract with the employer under which the insurance company is reimbursed for sick payments actually made plus administrative expenses and profits. In addition, payments required by a workmen's compensation or temporary disability insurance law would continue to be exempt. This provision would be ef-

fective for sick payments made in January 1982 and thereafter. The treatment of payments made to an employee more than six months after the employee last worked would be unchanged from current law. Under the Senate amendment, sick payments made to employees covered by the railroad retirement system and sick pay benefits received under the Railroad Unemployment Insurance Act would continue to be exempt from railroad retirement employment taxes.

*Conference agreement.*—The conference agreement follows the Senate amendment extending coverage to certain forms of sick pay. In addition, the conference agreement would include in the definition of wages both for tax and coverage purposes, payments made under a sick pay plan to an employee or any of his dependents by a third party on account of the employee's illness. However, in the case where an employee has contributed to such plan, "wages" or "compensation" shall not include that portion of such payments attributable to the employee's contributions. It is the view of the conferees that such amounts are properly excludable in that they do not constitute remuneration for employment but rather represent a return on the premium contributions made by the employee. The conferees intend that rules similar to those provided in sec. 105 of the Internal Revenue Code (and regulations promulgated thereunder) shall apply in this instance. Payments which are received under a workmen's compensation law and those paid to an employee by either the employer or a third party more than six months after the employee last worked would continue to be excluded from the definition of wages, as under present law.

The conference agreement also provides that any third party (for example, an insurance company) that makes a payment, which is included in wages solely by reason of this provision, shall be treated as the employer with respect to such wages for purposes of social security and railroad retirement employment taxes. Thus, a third party payor will be responsible for the withholding of employee FICA taxes on wages up to the applicable maximum taxable wage base and for the remittance and timely deposit (as otherwise provided by law) of FICA taxes. However, the conference agreement establishes a specific statutory exception to this rule: the liability for the employer share of the FICA taxes will shift from the third party to the actual employer as soon as the third party payor has deposited the withheld employee taxes and notified the employer of the amount of sick pay made to the employee.

The conference agreement mandates the development of regulations which shall provide procedures under which, if the third party payor promptly withholds the employee portion of the taxes, deposits those taxes pursuant to the rules under section 6302 of the Code, and notifies the employer for whom services are usually rendered, of the payment, the employer (and not the third party payor) shall be liable for the employer portion of tax and for providing written statements and other reporting requirements under Code section 6051. It is the intention of the conferees that these regulations provide that third party payors withhold the employee portion of the tax as payments are made and deposit such withheld amounts under the applicable schedule authorized by Code section 6302 (including information reports such as Form 941 and related forms) as if these amounts were paid out of the third party payor's

own payroll. Further, the provision adopted by the conferees requires simultaneous notification of the employer of the amount of compensation paid to each employee. If these conditions are met, the liability for the employer portion of the payroll tax shifts from the party making the payments to the employer for whom services are normally rendered. Upon the employer's receipt of the notification of the payment made by the third party, such employer must deposit the appropriate employer taxes as if these payments were made out of his own payroll on that date. The conferees intend that the implementing regulations shall be promptly issued and that, having met the conditions specified in sec. 3(d), they will be relieved of the liability.

As a result, FICA and railroad retirement employment taxes on combined amounts in excess of the maximum taxable wage base could be withheld from employees and paid by employers. Under section 6413(c) of the Internal Revenue Code, employees who experience such overwithholding are eligible to receive refunds. The conferees expect that the Secretary will attempt to design procedures whereby employers and third party payors can avoid withholding on combined amounts in excess of the maximum taxable wage base (both for FICA and railroad retirement taxes) and will implement these procedures by regulation.

The conference agreement provides that, notwithstanding any other provision of law (including certain payments made under the Railroad Unemployment Insurance Act), compensation for purposes of the Railroad Retirement Tax Act shall include all payments made to an employee or any of his dependents on account of sickness or accident disability during the first six months the employee is off work except: payments which are received under a workmen's compensation law; payments which are received under The Railroad Retirement Act of 1974; or benefits which are paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness to the extent that such sickness is the result of on-the-job injury (as determined in accordance with standards prescribed by the Railroad Retirement Board).

In addition, the conference agreement provides that, for purposes of the taxes imposed by this provision, payments made under a state temporary disability insurance law shall be treated as remuneration for service.

Under the conference agreement, no penalties or interest shall be assessed for failure to make timely payments of taxes with respect to payments of sick pay made between January 1, 1982 and June 30, 1982 and which are imposed as a result of amendments made by this section, to the extent that such failure is due to willful neglect and such taxes are paid on or before June 30, 1982.

Finally, the conference agreement provides generally that the amendments made by this section shall apply to remuneration paid after December 31, 1981. However, these amendments shall not apply to any third party payment made to an employee pursuant to a contractual relationship of an employer with such third party which is entered into before December 14, 1981, if the third party's coverage for that employee's group ceases before February 28, 1982 and no third party payment is made to such employee under that contract after February 28, 1982. Since such payments would not



be considered remuneration for purposes of these taxes, no employment taxes would be levied on such payments.

PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS (SECTION 4)

*Present law.*—Criminal penalties are provided for: (1) knowingly and willfully using a social security number that was obtained with false information, (2) using someone else's social security number, or (3) unlawfully disclosing or compelling the disclosure of someone else's social security number. The crime is considered a misdemeanor and the penalty involves a fine of up to \$1,000 or imprisonment for up to one year or both.

*House bill.*—No provision.

*Senate amendment.*—Section 110 of the amendment would add new acts considered to be a misuse of social security cards by making it unlawful to: (1) alter, (2) buy or sell, or (3) counterfeit social security cards, or (4) possess a regular or counterfeit card with intent to sell or alter it.

The provision would make all unlawful acts affecting the social security number or card a felony, rather than a misdemeanor.

It would increase the maximum fine for conviction of such acts from \$1,000 to \$5,000 and the maximum prison term from 1 year to 5 years.

*Conference agreement.*—The conference agreement follows the Senate amendment.

STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS (SECTION 5)

*Present law.*—P.L. 96-499 authorized the Secretary to enter into agreements with up to 12 States for the purpose of conducting demonstration projects to train AFDC recipients as homemaker-home health aides. This provision was amended by P.L. 97-35 to require the Secretary to establish by October 1, 1981, such guidelines and regulations as may be necessary to assure that agreements with the States are entered into by January 1, 1982.

*House bill.*—No provision.

*Senate amendment.*—Section 113 of the amendment would require the Secretary to meet the January 1, 1982 deadline for entering into demonstration agreements with at least 7 States.

*Conference agreement.*—The conference agreement follows the Senate amendment.

INFORMATION WITH RESPECT TO PRISONERS (SECTION 6)

*Present law.*—Beginning October 1980, disability insurance benefits cannot be paid while individuals are imprisoned for conviction of a felony, except where the individual is satisfactorily participating in a rehabilitation program which has been specifically approved for that individual by a court of law and which is expected to result in his being able to engage in substantial gainful activity upon release and within a reasonable period of time. Such individuals are also not eligible for student benefits. However, benefits can be paid to dependents of prisoners, just as if the prisoners were receiving benefits.

The law also provides that impairments, to the extent that they arise from, or are aggravated by, the commission of a crime, cannot be considered in determining whether a person is disabled, and im-

pairments arising while an individual is in prison cannot be considered for purposes of disability as long as the person remains in prison.

In order to implement this law, the Secretary of HHS requires information from penal institutions with which to identify the relevant prisoners. In some cases, providing this information without the consent of the prisoner possibly violates various privacy acts.

*House bill.*—No provision.

*Senate amendment.*—Section 108 of the amendment provides that, without regard to any contrary Federal or State law, Federal, State, or local government agencies must furnish the name and social security number of any prisoner convicted of a felony, when the Secretary of HHS makes a written request to the agency for the information.

*Conference agreement.*—The conference agreement follows the Senate amendment.

REPORT TO CONGRESS REGARDING PAYMENTS TO DECEASED PERSONS  
(SECTION 7)

*Present law.*—Social security benefits terminate with the month in which a beneficiary dies. Benefits are not payable for that month.

*House bill.*—No provision.

*Senate amendment.*—Section 109 of the amendment would require the Secretary of HHS to report to Congress within 90 days after enactment on actions being taken to prevent payments to deceased social security beneficiaries.

*Conference agreement.*—The conference agreement follows the Senate amendment.

OTHER PROVISIONS OF THE SENATE AMENDMENT

EXTENSION OF DISABILITY INSURANCE MAXIMUM FAMILY BENEFITS TO  
OLD-AGE AND SURVIVORS INSURANCE BENEFICIARIES

*Present law.*—There is a limit on the amount of monthly benefits that can be paid on the earnings record of one worker. This limit is known as the maximum family benefit (MFB). In retirement and survivor cases, the MFB ranges from 150 to 188 percent of the primary insurance amount, the unreduced benefit of the worker. In disability cases, the MFB can be no more than the lower of 85 percent of the worker's average indexed monthly earnings or 150 percent of the primary insurance amount, but not less than 100 percent of the primary insurance amount.

*House bill.*—No provision.

*Senate amendment.*—Section 105 of the amendment would provide that the disability maximum family benefit formula would be extended to retirement and survivor cases, for workers reaching age 62 or dying after December 1981.

*Conference agreement.*—The conference agreement does not include the Senate amendment.

STUDY OF SOCIAL SECURITY ADMINISTRATION EFFICIENCY

*Present law.*—Administrative expenses of the social security programs are paid out of trust fund monies. No provision of law re-

quires special or ongoing reports to Congress on the adequacy of the administrative capacity of the agency.

*House bill.*—No provision.

*Senate amendment.*—Section 106 of the amendment would require GAO to undertake a study of the SSA for the purpose of determining the management efficiency, employee productivity, and technical capacities (including computer hardware and programming) of that agency and the extent of current information on the characteristics of recipients. The Comptroller General would be required to report to Congress, no later than 180 days after the date of enactment, the results of the study and any recommendations for improvements in any of the operations studied.

*Conference agreement.*—The conference agreement does not include the Senate amendment.

#### SEPARATE ACCOUNTING FOR SOCIAL SECURITY TRUST FUNDS

*Present law.*—Reports on the receipts, outlays, surplus or deficit, and reserve balance of each of the social security trust funds are included in the President's annual budget. In addition, the Boards of Trustees publishes annual reports on the financial status of the trust funds and includes in the reports current estimates of the short-run and long-run actuarial balances of each trust fund.

*House bill.*—No provision.

*Senate amendment.*—Section 107 of the amendment would require the President, in the annual budget message and mid-session review, to include a separate statement containing a summary of his requests for new budget authority and estimating outlays, revenues, and surplus or deficit of the OASI, DI, and HI trust funds. The separate statement would show the revenues, outlays, and surplus or deficit estimates for the trust funds, would describe the economic assumptions that were used in making the estimates for trust funds and the relationship to economic assumptions made for other parts of the budget, would indicate financial prospects of the trust funds, and would present a comparative summary of the three trust funds with all the other portions of the unified budget. This report would be in addition to the usual budget submission which includes the budget estimates for the trust funds within the unified budget estimates.

*Conference agreement.*—The conference agreement does not include the Senate amendment.

#### SOCIAL SECURITY CARDS

*Present law.*—Social security cards are issued on regular paper. No special procedures are employed to prevent alteration and duplication.

*House bill.*—No provision.

*Senate amendment.*—Section 111 of the amendment would require that new and replacement social security cards issued more than 190 days after enactment be made of bank-note paper and (to the maximum extent practicable) to be a card that cannot be counterfeited. The Secretary of HHS would be required to report his plans for implementing this provision within 90 days after enactment.

*Conference agreement.*—The conference agreement does not include the Senate amendment. The conferees, however, are aware

that the General Accounting Office has found that there may be a significant problem related to the use of counterfeit social security cards and believe that this matter deserves further consideration. The conferees believe that the Secretary of Health and Human Services should study the costs and benefits to the trust funds of such a proposal, the costs and benefits to other government programs, and the impact of such a proposal on the privacy of individuals.

#### FUTURE LEGISLATIVE CHANGES IN THE SOCIAL SECURITY ACT

*Present law.*—Congress has the authority to alter tax and spending provisions.

*House bill.*—No provision.

*Senate amendment.*—Section 112 of the amendment provides that it is the sense of the Congress that any future legislative changes in the Social Security Act will not reduce the current dollar amount of monthly OASDI benefits to which individuals are entitled for the month of enactment.

*Conference agreement.*—The conference agreement does not include the Senate amendment.

#### HIGHWAY TRUST FUND AND HIGHWAY EXCISE TAXES

*Present law.*—Under present law, the Highway Trust Fund and its related excise taxes are in place until October 1, 1984. At that time, the current rates of the excise taxes on gasoline and other motor fuels, on lubricating oil, on trucks and trailers, on truck parts and accessories, on tires, tubes and tread rubber and on the use of heavy trucks will expire or revert to prior lower rates. The provision authorizing the deposit of taxes to and appropriations from the Highway Trust Fund will also expire on October 1, 1984.

*House bill.*—No provision.

*Senate amendment.*—Sections 202 and 203 of the amendment would extend the highway excise taxes at current rates for 5 years, until October 1, 1989, but deposits of tax revenues to the Highway Trust Fund would be continued for 6 years, to October 1, 1990. Authorization for expenditures from the Highway Trust Fund would also be extended for 6 years, through September 30, 1990.

*Conference agreement.*—The conference agreement does not include the Senate amendment.

DAN ROSTENKOWSKI,  
J. J. PICKLE,  
CHARLES B. RANGEL  
(except for section 3),  
ANDREW JACOBS, Jr.,  
RICHARD A. GEPHARDT,  
BARBER B. CONABLE, Jr.,  
WILLIS GRADISON,

*Managers on the Part of the House.*

BOB DOLE,  
W. L. ARMSTRONG,  
JOHN HEINZ,  
RUSSELL LONG,  
DANIEL MOYNIHAN,

*Managers on the Part of the Senate.*



The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the Record of today, December 15, 1981.)

Mr. BAKER. Mr. President, I understand there are a number of Senators who wish a rollcall vote on this measure. I ask for yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, the distinguished Senator from Louisiana is not on the floor, but I understand he is prepared to proceed. In the meantime, the Senator from Kansas will make a statement and perhaps by that time the Senator from Louisiana will arrive.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

#### THE SOCIAL SECURITY AMENDMENTS OF 1981

Mr. DOLE. Mr. President, yesterday, the House-Senate conferees reached agreement on provisions of H.R. 4331, the bill to restore the social security minimum benefit. After several weeks of negotiations, the conferees agreed to fully restore the minimum benefit for all current recipients and to partially finance this change by extending the payroll tax on covered workers. Interfund borrowing on a temporary basis is authorized in the conference agreement to insure that the retirement and survivors' insurance trust fund can remain solvent next year by drawing on the resources of the disability and hospital insurance trust funds. Finally, several amendments offered on the Senate floor were accepted that should lead to improvements in the administration of the social security program.

As we all know, under the Reconciliation Act, the minimum benefit will be eliminated for all present beneficiaries in March and is eliminated for all future beneficiaries, effective last month. No person becoming eligible for old age or disability benefits after October 1981 will be entitled to the minimum benefit, and benefits payable to new beneficiaries will be based on their actual earnings.

The conference agreement restores the minimum benefit for all people eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. The elimination of the minimum benefit for future recipients also becomes effective in January. Members of religious orders who have taken a vow of poverty and who were first covered under the social security program prior to the date of enactment would, however, maintain their eligibility for the minimum benefit for a 10-year period, as under the Senate bill, until December 1991.

To help finance the minimum benefit change, the conference agreement extends social security tax coverage to the first 6 months of certain sick pay. Conferees accepted a House proposal to extend the tax beyond the Senate amendment to cover not only sick pay received

under an employer plan or system but also those payments made under a sick pay plan to an employee or any of his dependents by a third party (such as an insurance company) on account of the employee's illness. In the case where an employee has contributed to such a plan, however, only that portion of payments attributable to the employer's contributions will be taxable. This provision would be effective January 1982, although interest and penalties for failure to comply would be waived for 6 months in cases where late payments are not due to wilful neglect.

Regarding the tax reallocation and interfund borrowing contained in the Senate amendment to H.R. 4331, the conference agreement does not include reallocation of the social security payroll tax among the three trust funds. The authority for interfund borrowing is expanded to permit borrowing among all three trust funds, however, and the authority expires after 1 year.

In particular, the conference agreement would authorize borrowing of existing assets among the OASI, DI, and HI trust funds under the same conditions and requirements as provided in the Senate amendment except with regard to effective date. The borrowing authority would be effective from the date of enactment through December 31, 1982.

In the statement of managers, guidance is provided to the managing trustee for determining when borrowing is appropriate in order to best meet the need for financing benefits. The managing trustee is instructed to consult with the other trustees in making such determinations which should occur no less frequently than on a monthly basis.

Moreover, interfund borrowing should not make adjustments in the trust funds that insure benefit payments for a period of more than 6 months beyond the date of determination. It was the view of the conferees that interfund borrowing was a safety mechanism to insure benefit payments could be paid next year. The conferees do not intend that interfund borrowing should be used as a substitute for more comprehensive financing legislation in the near and long term.

In fact, several conferees, particularly the House conferees, were suggesting we have a lameduck session after the next election, in November of 1982, and address the entire social security problem at that time.

Although all of the Senate floor amendments to H.R. 4331 had merit, the conferees ultimately agreed to just four.

First, to facilitate the denial of disability benefits to prisoners, as enacted in 1980, the conference agreement would waive any contrary Federal or State laws to require Federal, State, or local government agencies to furnish to the Secretary of HHS the names and social security numbers of prisoners convicted of felonies.

Second, to improve the situation with regard to incorrect payments or overpayments, a provision is included that would require the Secretary of HHS to report to Congress within 90 days on actions being taken to prevent payments to deceased social security beneficiaries.

#### ORDER OF PROCEDURE

Mr. BAKER. Now, Mr. President, I observe that the distinguished chairman of the Finance Committee is on the floor. Might I inquire of him if he is ready at this time to proceed to the consideration of the minimum benefit social security conference report?

Mr. DOLE. Mr. President, I am ready to proceed if the distinguished Senator from Louisiana (Mr. Long) and the distinguished Senator from New York (Mr. MOYNIHAN) are also prepared.

Mr. BAKER. Mr. President, is the minority leader prepared to proceed at this time?

Mr. ROBERT C. BYRD. Yes.

#### SOCIAL SECURITY MINIMUM BENEFIT—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on H.R. 4331 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

Third, the conference agreement makes it unlawful to alter, buy, sell, or counterfeit social security cards; increases the classification of card violations from misdemeanors to felonies; and increases the maximum penalty to \$5,000 or 5 years in prison.

Finally, the Secretary of HHS would be required, by January 1, 1982, to enter into agreements with at least seven States for demonstration projects to train AFDC recipients as home health aides. The Secretary is currently authorized to approve up to 12 such projects.

Mr. President, while I am pleased an agreement has been reached that will make two quite widely supported changes—restoring the minimum benefit and authorizing interfund borrowing—I am disappointed that House conferees were unwilling to make the changes necessary to finance the restoration of the minimum benefit. Unlike the Senate amendment, which was passed by unanimous vote on October 15, the conference agreement does not maintain the financial condition of the trust funds in the next 5 years—the critical years—but actually worsens their condition. According to the social security actuaries, this agreement will, on net, cost the trust funds at least \$1.8 billion over the next 5 years.

As others and I have said on many oc-

casions, the financial condition of social security is critical. Under trustees' intermediate assumptions, \$50 billion is still needed by 1990 to insure the barest level of solvency; nearly \$100 billion is needed to restore current levels of reserves. Over the longer term, the situation only becomes more grave. The system's deficit is projected to equal 29 percent of expenditures over the next 75 years. Responsible action must be taken.

Despite my disappointment in the outcome of the conference, I support the conference agreement and urge my colleagues to vote for its passage. With the restoration of the minimum benefit behind us, and with another year or two of solvency provided by interfund borrowing, we have the opportunity to reopen and deal responsibly with the issue of social security financing.

Mr. President, finally, I understand that the task force on social security is about to be appointed by the majority and minority leaders in the Senate, by the Speaker and minority leader in the House and by the President. Therefore, it is our hope that the task force can finish its work in time so that we may address the problems—as we should have addressed them this year—no later than mid-1983. I found almost unanimous agreement among Republicans and Democrats, regardless of philosophy and

regardless of their concern or lack of concern about the social security problem, that that should be done. Again, I indicate that this is one reason the interfund borrowing period was shortened. It was 10 years in the bill passed by the Senate; it ended up to be about 13 months.

The House Republican conferees very properly, in my opinion, insisted on a very short duration for interfund borrowing. It is their purpose to keep the pressure on all of us who have the responsibility to restore this system to what it should be.

Mr. President, I urge the adoption of the conference report.

I ask unanimous consent that excerpts of the statement of managers be printed in the RECORD that describe the provisions adopted by the conferees.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM CONFERENCE REPORT TO ACCOMPANY H.R. 4331, STATEMENT OF MANAGERS

INTERFUND BORROWING  
Section 1

Present Law.—The present law tax rates for OASDI and HI, and the allocation of the OASDI tax rate between OASI and DI are shown below. No authority exists for administratively transferring funds from one trust fund to another.

PRESENT LAW OASDHI TAX RATES

	OASI	DI	HI	Total		OASI	DI	HI	Total
<b>Employees and employers, each (in percent):</b>					<b>Self-employed (in percent):</b>				
1982.....	4.575	0.825	1.30	6.70	1982.....	6.8125	1.2375	1.30	9.350
1983.....	4.575	.825	1.30	6.70	1983.....	6.8125	1.2375	1.30	9.350
1984.....	4.575	.825	1.30	6.70	1984.....	6.8125	1.2375	1.30	9.350
1985.....	4.750	.950	1.35	7.05	1985.....	7.1250	1.4250	1.35	9.900
1986-89.....	4.750	.950	1.45	7.15	1986-89.....	7.1250	1.4250	1.45	10.000
1990-2004.....	5.100	1.100	1.45	7.65	1990-2004.....	7.6500	1.6500	1.45	10.750
2005 and after.....	5.100	1.100	1.45	7.65	2005 and after.....	7.6500	1.6500	1.45	10.750

House Bill.—No provision.

Senate Amendment.—Section 101 of the amendment would authorize borrowing between the OASI and DI trust funds at any time prior to January 1991. The Managing Trustee, the Secretary of the Treasury, would determine when borrowing would be appropriate to meet the need to finance the benefit payments from these trust funds. The Managing Trustee would be authorized to borrow any amounts which he determines to be appropriate from either of these trust

funds for transfer to and deposit in the other trust fund.

In any case where a loan had been made, interest would be paid by the borrowing fund to the lending fund at a rate equal to the rate the lending trust fund would earn on the unrepaid amount if the loan were a regular investment.

Whenever the Managing Trustee determined that the assets of the borrowing trust fund were sufficient to permit repayment of all, or part, of any loans made, he would

make such repayments as he determines to be appropriate.

The Board of Trustees would be required to make a timely report to the Congress of any amounts borrowed or repaid (including interest payments).

Section 102 of the Senate amendment revises the distribution of social security taxes between the OASI, DI, and HI trust funds for 1982 and later, but did not alter the overall OASDHI combined tax rate under present law.

PROPOSED REALLOCATION OF OASDHI TAX RATES

	OASI	DI	HI	Total		OASI	DI	HI	Total
<b>Employees and employers, each (in percent):</b>					<b>Self-employed (in percent):</b>				
1982.....	5.185	0.715	0.80	6.70	1982.....	7.5150	1.0350	0.800	9.350
1983.....	5.035	.665	1.00	6.70	1983.....	7.3750	.9750	1.000	9.350
1984.....	4.855	.595	1.25	6.70	1984.....	7.2150	.8850	1.250	9.350
1985.....	5.005	.595	1.45	7.05	1985.....	7.5500	.9000	1.450	9.900
1986-89.....	5.100	.600	1.45	7.15	1986-89.....	7.6500	.9000	1.450	10.000
1990-2004.....	5.150	.750	1.75	7.65	1990-2004.....	7.8550	1.1450	1.750	10.750
2005 and after.....	5.450	.750	1.45	7.65	2005 and after.....	8.1750	1.1250	1.450	10.750

Conference Agreement.—The conference agreement does not include the Senate provision with respect to changing the social security tax rates or the allocation of the OASDI tax rate between the OASI and DI trust funds. The conference agreement would authorize borrowing of existing assets between the OASI, DI, and HI trust funds under the same conditions and requirements

as provided in the Senate amendment except with regard to effective date for borrowing between the OASI and DI trust funds. Under the conference agreement, the borrowing authority would be effective from the date of enactment through December 31, 1982. In determining that borrowing under this provision is appropriate in order to best meet the need for financing the benefit payments

under any of the three trust funds, the Managing Trustee should, after consultation with the other trustees, make such determination no less frequently than on a monthly basis. In no case shall such interfund borrowing make adjustments in the trust funds insuring benefit payments for a period more than six months beyond the date of such determination.



## RESTORATION OF MINIMUM BENEFIT FOR CURRENT RECIPIENTS

## Section 2

**Present law.**—The minimum benefit for all present and future beneficiaries will be eliminated. No person becoming eligible for old-age or disability benefits after October 1981 will be entitled to the minimum benefit. Benefits payable to new beneficiaries will be based on their actual earnings.

All other persons will be affected beginning with benefits payable for the month of March 1982. Their benefits will be recomputed based on their actual earnings record and according to recomputation procedures prescribed in regulations issued by the Secretary of HHS. In addition, persons aged 60 to 64 who are entitled to a minimum benefit for the month of February 1982 will become eligible for a special SSI benefit if they qualify under all SSI rules except that pertaining to age. The amount of the special SSI payment will be limited to the difference between the minimum benefit the individual received in February 1982 (without regard to the earnings test) and the recalculated benefit. These SSI payments will not be adjusted for increases in the cost of living, nor will these 60 to 64 year old persons become eligible for certain other benefits including State supplementation, food stamps, Medicaid, or social services as a result of this provision.

This provision was adopted in section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-37).

**House bill.**—The House bill would repeal section 2201 of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), thereby reinstating the OASDI minimum benefit provision as it existed under prior law for both current and future beneficiaries.

**Senate amendment.**—Section 103 of the amendment would restore the minimum benefit for all people who are eligible for benefits before November 1981 and who are residents of the 50 States, District of Columbia, Puerto Rico, Guam, Virgin Islands, and American Samoa. Among this group of beneficiaries, those with governmental pensions would, beginning with benefits for June of 1982, have their minimum benefit reduced dollar-for-dollar for the portion of their governmental pensions above \$300, but not below the amount of the benefit based on their actual earnings. This offset would apply only to the benefits of retired or disabled workers; it would not affect survivors' or dependents' benefits.

For members of religious orders who have taken a vow of poverty and who were first covered under the social security program prior to the date of enactment as a result of amendments adopted in 1972, the provision would apply the elimination of the minimum benefit for future recipients, only to those who become eligible after October 1991.

**Conference Agreement.**—The conference agreement restores the minimum benefit for all people who are eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. Also, the elimination of the minimum benefit for future recipients applies to members of religious orders who have taken a vow of poverty, who were first covered under the social security program prior to the date of enactment, and who become eligible after October 1991.

For current recipients to whom the minimum benefit would be restored, the conference agreement does not include the provision of the Senate amendment that limits the restoration to residents of the United States and does not include the provision reducing the minimum benefit dollar-for-dollar for those also receiving governmental pensions above \$300.

## EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY

## Section 3

**Present law.**—Payments made to or on behalf of an employee of a private employer on account of sickness or accident disability are subject to social security taxes and are treated as covered earnings unless they are either: (1) paid under a qualified plan or system; or (2) paid after the employee has not worked for the employer for more than six months. A qualified plan or system is one that applies to the employees of a firm generally or to a class or classes of employees. The existence of a plan or system is shown if the plan or system is in writing or is otherwise made known to employees (for example, through the medium of a bulletin board notice or the long and established practice of the employer). Other indications of the existence of a plan or system include, but are not limited to, contractual references to a plan or system, employer contributions to a plan, or segregated accounts for the payment of benefits.

With respect to railroad employment, the Railroad Retirement Tax Act, sec. 3201 et seq. of the Internal Revenue Code, excludes from taxable compensation the amount of any payment (including any amount paid by an employer for insurance or annuities) made to, or on behalf of, an employee or any of his dependents under a plan or system, on account of sickness or accident disability.

Under the Railroad Unemployment Insurance Act (sec. 2(a)) certain daily benefits are paid from the railroad unemployment insurance account for qualified employees for each day of sickness after the fourth consecutive day of sickness in a period of continuing sickness. In general, the daily benefit rate for such sickness is an amount equal to sixty percent of the employee's daily rate of compensation in a base year, but not less than \$12.70 nor in excess of \$25.00 per day. The maximum number of days of sickness within a benefit year for which benefits may be paid to an employee is one hundred and thirty (26 weeks). Under present law these sickness and disability benefits are not taxable compensation for railroad retirement tax purposes.

**House bill.**—No provision.

**Senate amendment.**—Section 104 of the amendment would remove the exclusion of certain sick pay received under a plan or system during the first six months the employee is off work. However, payments made by an insurance company would still be exempt unless the company is owned, to a substantial extent, by the employer, or the insurance company has an administrative-services-only contract with the employer under which the insurance company is reimbursed for sick payments actually made plus administrative expenses and profits. In addition, payments required by a workmen's compensation or temporary disability insurance law would continue to be exempt. This provision would be effective for sick payments made in January 1982 and thereafter. The treatment of payments made to an employee more than six months after the employee last worked would be unchanged from current law. Under the Senate amendment, sick payments made to employees covered by the railroad retirement system and sick pay benefits received under the Railroad Unemployment Insurance Act would continue to be exempt from railroad retirement employment taxes.

**Conference agreement.**—The conference agreement follows the Senate amendment extending coverage to certain forms of sick pay. In addition, the conference agreement would include in the definition of wages, both for tax and coverage purposes, payments made under a sick pay plan to an employee or any of his dependents by a third party on account of the employee's illness.

However, in the case where an employee has contributed to such plan, "wages" or "compensation" shall not include that portion of such payments attributable to the employee's contributions. It is the view of the conferees that such amounts are properly excludable in that they do not constitute remuneration for employment but rather represent a return on the premium contributions made by the employee. The conferees intend that rules similar to those provided in sec. 105 of the Internal Revenue Code (and regulation promulgated thereunder) shall apply in this instance. Payments which are received under a workmen's compensation law and those paid to an employee by either the employer or a third party more than six months after the employee last worked would continue to be excluded from the definition of wages, as under present law.

The conference agreement also provides that any third party (for example, an insurance company) that makes a payment, which is included in wages solely by reason of this provision, shall be treated as the employer with respect to such wages for purposes of social security and railroad retirement employment taxes. Thus, a third party payor will be responsible for the withholding of employee FICA taxes on wages up to the applicable maximum taxable wage base and for the remittance and timely deposit (as otherwise provided by law) of FICA taxes. However, the conference agreement establishes a specific statutory exception to this rule: the liability for the employer share of the FICA taxes will shift from the third party to the actual employer as soon as the third party payor has deposited the withheld employee taxes and notified the employer of the amount of sick pay made to the employee.

The conference agreement mandates the development of regulations which shall provide procedures under which, if the third party payor promptly withholds the employee portion of the taxes, deposits those taxes pursuant to the rules under section 6302 of the Code, and notifies the employer for whom services are usually rendered, of the payment, the employer (and not the third party payor) shall be liable for the employer portion of the tax and for providing written statements and other reporting requirements under Code section 6051. It is the intention of the conferees that these regulations provide that third party payors withhold the employee portion of the tax as payments are made and deposit such withheld amounts under the applicable schedule authorized by Code section 6302 (including information reports such as Form 941 and related forms) as if these amounts were paid out of the third party payor's own payroll. Further, the provision adopted by the conferees requires simultaneous notification of the employer of the amount of compensation paid to each employee. If these conditions are met, the liability for the employer portion of the payroll tax shifts from the party making the payments to the employer for whom services are normally rendered. Upon the employer's receipt of the notification of the payment made by the third party, such employer must deposit the appropriate employer taxes as if these payments were made out of his own payroll on that date. The conferees intend that the implementing regulations shall be promptly issued and that, having met the conditions specified in sec. 3(d), they will be relieved of the liability.

As a result, FICA and railroad retirement employment taxes on combined amounts in excess of the maximum taxable wage base could be withheld from employees and paid by employers. Under section 6413(c) of the Internal Revenue Code, employees who experience such overwithholding are eligible to receive refunds. The conferees expect that the Secretary will attempt to design proce-

dures whereby employers and third party payors can avoid withholding on combined amounts in excess of the maximum taxable wage base (both for FICA and railroad retirement taxes) and will implement these procedures by regulation.

The conference agreement provides that, notwithstanding any other provision of law (including certain payments made under the Railroad Unemployment Insurance Act), compensation for purposes of the Railroad Retirement Tax Act shall include all payments made to an employee or any of his dependents on account of sickness or accident disability during the first six months the employee is off work except: payments which are received under a workmen's compensation law; payments which are received under the Railroad Retirement Act of 1974; or benefits which are paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness to the extent that such sickness is the result of on-the-job injury (as determined in accordance with standards prescribed by the Railroad Retirement Board).

In addition, the conference agreement provides that, for purposes of the taxes imposed by this provision, payments made under a state temporary disability insurance law shall be treated as remuneration for service.

Under the conference agreement, no penalties or interest shall be assessed for failure to make timely payments of taxes with respect to payments of sick pay made between January 1, 1982 and June 30, 1982 and which are imposed as a result of amendments made by this section, to the extent that such failure is due to willful neglect and such taxes are paid on or before June 30, 1982.

Finally, the conference agreement provides generally that the amendments made by this section shall apply to remuneration paid after December 31, 1981. However, these amendments shall not apply to any third party payment made to an employee pursuant to a contractual relationship of an employer with such third party which is entered into before December 14, 1981, if the third party's coverage for that employee's group ceases before February 28, 1982 and no third party payment is made to such employee under that contract after February 28, 1982. Since such payments would not be considered remuneration for purposes of these taxes, no employment taxes would be levied on such payments.

#### PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

##### Section 4

Present law.—Criminal penalties are provided for: (1) knowingly and willfully using a social security number that was obtained with false information, (2) using someone else's social security number, or (3) unlawfully disclosing or compelling the disclosure of someone else's social security number. The crime is considered a misdemeanor and the penalty involves a fine of up to \$1,000 or imprisonment for up to one year or both.

House bill.—No provision.

Senate amendment.—Section 110 of the amendment would add new acts considered to be a misuse of social security cards by making it unlawful to: (1) alter, (2) buy or sell, or (3) counterfeit social security cards, or (4) possess a regular or counterfeit card with intent to sell or alter it.

The provision would make all unlawful acts affecting the social security number or card a felony, rather than a misdemeanor.

It would increase the maximum fine for conviction of such acts from \$1,000 to \$5,000 and the maximum prison term from 1 year to 5 years.

Conference agreement.—The conference agreement follows the Senate amendment.

#### STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

##### Section 5

Present law.—P.L. 96-499 authorized the Secretary to enter into agreements with up to 12 States for the purpose of conducting demonstration projects to train AFDC recipients as homemaker-home health aides. This provision was amended by P.L. 97-35 to require the Secretary to establish by October 1, 1981, such guidelines and regulations as may be necessary to assure that agreements with the States are entered into by January 1, 1982.

House bill.—No provision.

Senate amendment.—Section 113 of the amendment would require the Secretary to meet the January 1, 1982 deadline for entering into demonstration agreements with at least 7 States.

Conference agreement.—The conference agreement follows the Senate amendment.

#### INFORMATION WITH RESPECT TO PRISONERS

##### Section 6

Present law.—Beginning October 1980, disability insurance benefits cannot be paid while individuals are imprisoned for conviction of a felony, except where the individual is satisfactorily participating in a rehabilitation program which has been specifically approved for that individual by a court of law and which is expected to result in his being able to engage in substantial gainful activity upon release and within a reasonable period of time. Such individuals are also not eligible for student benefits. However, benefits can be paid to dependents of prisoners, just as if the prisoners were receiving benefits.

The law also provides that impairments, to the extent that they arise from, or are aggravated by, the commission of a crime, cannot be considered in determining whether a person is disabled, and impairments arising while an individual is in prison cannot be considered for purposes of disability as long as the person remains in prison.

In order to implement this law, the Secretary of HHS requires information from penal institutions with which to identify the relevant prisoners. In some cases, providing this information without the consent of the prisoner possibly violates various privacy acts.

House bill.—No provision.

Senate amendment.—Section 108 of the amendment provides that, without regard to any contrary Federal or State law, Federal, State, or local government agencies must furnish the name and social security number of any prisoner convicted of a felony, when the Secretary of HHS makes a written request to the agency for that information.

Conference agreement.—The conference agreement follows the Senate amendment.

#### REPORT TO CONGRESS REGARDING PAYMENTS TO DECEASED PERSONS

##### Section 7

Present law.—Social security benefits terminate with the month in which a beneficiary dies. Benefits are not payable for that month.

House bill.—No provision.

Senate amendment.—Section 109 of the amendment would require the Secretary of HHS to report to Congress within 90 days after enactment on actions being taken to prevent payments to deceased social security beneficiaries.

Conference agreement.—The conference agreement follows the Senate amendment.

Mr. MOYNIHAN. Mr. President, as Senators on both sides of the aisle will, I am sure, acknowledge, this effort did not begin as a bipartisan enterprise. It nonetheless has ended as one. I wish to express what I am sure is the appreciation

of many—I hope all—Members of the Senate to the distinguished chairman of the Committee on Finance, who had the not always easy task of acknowledging positions made on this side and advancing his own and others' views on his side of the aisle; such that we come to the Senate with a unanimous judgment of the conferees on our side that follows the unanimous report from the Committee on Finance. I hope it is received in the bipartisan manner that has been, now, finally consummated.

I make two points, Mr. President. The first is that I hope in the aftermath of this almost year-long debate, begun in March, we can agree that the integrity of the social security funds and the system extends to the proposition that at no point should the revenues of that system be used for purposes elsewhere in the budget. The effort to cut benefits by as much as 40 percent for persons entering the system come January did not respond to a need of the system, the social security system, but, rather, the anticipation of budget deficits in this next few years that has since become public and, indeed, has become publicly acknowledged, perhaps inadvertently, by the Director of the Office of Management and Budget in his celebrated interview in the Atlantic Monthly.

We now have a basis to go forward, Mr. President. We established in the conference the proposition that there needed to be larger revenues in the system. We almost wholly compensated for the restoration of the minimum benefit. Much more importantly, we established a system that the principle of social security is a contract. You do not take benefits away from persons who have been receiving them, who have every reason in the very near term to expect them. This is a long-run system. One person in seven in the Nation depends on it. Changes have to be made in a careful and considered fashion. It may be that we have not found how much turmoil is aroused by the other approach. We can now do what needs doing in an appropriate manner.

Mr. President, I should like to call attention to the statement that the chairman of the committee made about discussion in the committee of conference of a congressional session following the November elections of 1982 that might be exclusively devoted to this subject. It need not be called a lame-duck session. That was a term that was used up until 1934 when the elections took place in November and Congress reconvened in January and routinely continued, if I recall, until the 25th of March.

In any event, there was a long session automatically held after elections and before a new Congress, already elected to office. Can we not call it a special session of the Senate that would confine itself to this matter and approach it with the recommendations that the representatives of the President's Commission might bring to the matter?

This is indeed an opportunity. We have to some degree created a necessity, because the interfund borrowing, which was proposed by the Senator from New York and the minority leader last Sep-

tember, extends only to the end of calendar year 1982; and what needs to be done, at least in 1983, can perhaps best be done in November-December of the preceding year.

A second matter, not as consequential to the social security system but certainly worth noting, is that while the committee of conference accepted our position that the counterfeiting of a social security card should be a felony and now will be—this was a measure which I had proposed 3 years ago—it inexplicably declines to accept what was in the original legislation I introduced in the last Congress, the companion provision that it should be made difficult if not impossible to counterfeit such cards.

Social security cards continue to be the same pasteboard cards that were issued in 1935 to the first recipients. I received mine in 1940, as I recall. There is not the least effort to make them durable, much less difficult to reproduce, and they are counterfeited routinely.

The General Accounting Office, in a report of December 1980, estimated that some \$15 billion in fraudulently obtained benefits occur each year; and these fraudulently acquired benefits typically involve—not in all cases, but typically involve—a counterfeited social security card.

The cost of replacing these cards in the routine of doing business each year, just choosing a different style, would be minimal. It would be a sum that is not even calculated in our considerations of social security cards.

Mr. William Driver, in September of 1980, wrote to the then-chairman of the subcommittee, Senator Gaylord Nelson—whom we all miss in this Chamber—concerning two bills I had introduced and said, "If you simply were to use notepaper, as it is called, bank notepaper, there would be an extra cost of approximately \$1.2 million a year."

This would mean that cards newly issued and cards issued to replace older cards that have been lost could begin immediately and, at the minimum cost, begin to appear in the system. How fast they would appear might surprise some colleagues.

Over the next 5 years, we will issue or replace 46,597,000 cards. The production is somewhat less than 2 to 1. For nearly every two new cards issued, an old card is replaced.

Social security cards are basic to American identification arrangements. They are not identity cards, but social security numbers are widely used for purposes as extensive as serial numbers in the armed services, drivers' licenses, library cards, and are required to obtain AFDC benefits and to enter Veterans' Administration hospitals. Holders of Treasury bonds have to present their social security numbers. They are used in connection with motor vehicle registration routinely. In some States, to become a registered voter, you give your social security number; also, upon opening bank accounts, charge accounts, and the like, a social security number is required.

In 5 years, a quarter of the cards in circulation would be of a kind that cannot be counterfeited.

What a mysterious position for the Administrator of the system to take, as he did yesterday, in opposition to this measure. It goes back to the early convictions of the founders of social security that, somehow, this must not be a form of identification. It has become one, and an altogether agreeable and acceptable one. It is what the American people choose and do not object to.

If the object of preventing the \$15 billion in fraud—obviously, not all of that is going to be prevented—but if the reason the administration does not want to spend the \$1.2 million is economy, then, surely it is a bizarre economy measure. If waste, fraud, and abuse—a subject of which we hear an ever-increasing amount of rhetoric—is a real concern, why not address it in this simple and forthright manner? I hope that within the Social Security Administration this measure has not become a point of concern because illegal aliens working with counterfeit social security cards in fact contribute to the system and receive no benefits from it.

It certainly is unworthy of the administration to object to a simple, forthright measure of this kind for purposes they are not open about—if, in fact, that is one of their concerns. If that is not one of their concerns, the whole matter becomes inexplicable. Even so, this can be addressed in our major review of the program, and I have the understanding of the conferees that it will be.

Finally, Mr. President, we have to note that the conferees did not accept our sense-of-Congress statement that no future changes will reduce social security benefits to anyone now receiving them. I hope that that rejection does not augur a position in the House, which I do not believe it does, that we will do anything of the kind.

Benefits may have to be adjusted so that they do not rise as rapidly as they have in the past owing to some miscalculations in the past. That is the very different thing from taking away from Americans entitlements they have received under law and which they have every expectation that they will continue to receive.

Congress made a mistake when it voted to abolish the minimum benefit, which involves people utterly in need. Had it done so, the costs in supplementary security income and medicare and medicaid would have nearly outweighed the advantage of the reduction in the minimum benefit.

However, the principle was much more important than the particulars, and the principle has been sustained. I think it does not contravene the spirit of this conference report to say that it would not have been sustained, I fear, had it not been for the firmest opposition to the matter from this side of the aisle. But the episode concludes in bipartisan agreement, and I hope that the report of the committee of conference will be so received. I hope we will put ourselves, you might say, on notice that this is a

matter not concluded but, rather, begun; that we have a year ahead of us.

We should see whether we can get ourselves together as a commission to devise some long-term proposals—and there will be some short-term matters to be dealt with—and if we can genuinely consider now the prospect of a special session of Congress to deal with this most special of American national social insurance programs.

I know there are those who would think there are better things to do with November and December. Yet, if once in 50 years the social security system requires that kind of effort, I am sure there will be a good-hearted and good-faith effort to join in it, especially and not least from my friend from Colorado, who is the distinguished chairman of the Subcommittee on Social Security.

I see that he has arrived, and I see that he is all smiles. I take that to be satisfaction at the outcome of the conference and anticipation of the success of a special session.

Mr. ARMSTRONG. Mr. President, I wonder how many Senators recall Parkinson's law of committee procedure. We all remember that Parkinson postulated in his law of administration that works expands to fill the time allotted to it. Certainly, that is applicable to the social security bill.

However, I think the more applicable reference is what Parkinson said about how committees function. He said that if a committee is confronted with decisions about a mule barn and a cyclotron, it will dispose of the cyclotron within 15 minutes after it convenes and spend the remainder of the time working on the mule barn.

He said the reason for this is that nobody really understands cyclotrons, but everybody has some opinion about the size, shape, utilization, painting, and remodeling of mule barns. So it is a natural tendency for committee members to focus on that.

This conference report is a good illustration of that. We have ducked the main issue and handled some really minor housekeeping things which were easy to agree on. Not that these are inherently unworthy. I do not oppose the conference report. I will vote for it. But I think it is a travesty to suggest that we have fulfilled our responsibility.

Every day, every minute, every second, social security is running deeper and deeper into the red. It is going into the red, I am told, at the rate of something like \$12,000 a minute—not 8 hours a day, but around the clock, 365 days a year.

The situation is growing perceptively worse in the fund balances. Instead of meeting the problem with a permanent solution, we have provided for a limited period of interfund borrowing. I support that, under the general premise of making the best of a bad situation, as another stopgap measure; but I think it is important for Senators to understand that it is nothing more than a stopgap measure.

The fact that we were able to achieve even that much is in large part a tribute to the statesmanship, scholarly, and political mastery of our chairman, the Senator

from Kansas. He has shown once again his great ability to get people together, to talk things through and find out some way to resolve a complicated and potentially divisive issue, and I cannot fault him on that. The fact that we were able to get something out of this and at least restore the minimum benefit and have the interfund borrowing portion and, as has been noted both by the Senator from Kansas and the Senator from New York, we have largely paid the cost of doing so, I think is a tribute to Senator DOLE's leadership and the cooperation of other Members.

But I return to the main issue, where we started on this matter earlier in the year, and that is what are we going to do about social security? Even today there remains some doubt, I guess, in the minds of some people as to whether or not we have to actually do something or whether or not we sort of have to muddle through with some stopgap and halfway measures.

Just for the record and for the benefit of anybody concerned with the long-time crisis, I want to make this point: Despite all of the political rhetoric that has flowed on this subject, despite the charge that somehow political terrorism is being used or there has been grandstanding or somebody is attempting to use social security funds to balance the budget or we are trying to balance the budget on the backs of the poor, the fact is social security is going broke. It is doing so in slow motion. It is a large fund, and it takes a long time for this kind of a fund to go over the brink, but it is losing \$12,300 every minute, and unless action is taken at some point we will not be able to fully pay the benefits we have promised to the 36 million recipients and their families.

The exact month at which the fund will finally end with interfund borrowing, go broke and run out of money, is a matter of some conjecture. But I would suggest, one of our witnesses before the subcommittee made the point very well, that we should not be debating when the last dollar will be spent; that to argue whether or not the very last dollar in the system will be spent and the fund will be insolvent a year from now or 2 years from now or 5 years from now or 25 years from now begs the issue of our trustee responsibilities.

There is a group which is legally and technically the Board of Trustees of the social security system. But in the larger sense, in the sense of our moral obligation as Members of the Congress of the United States, we are the trustees of this social security system and it is up to us to provide the adjustments in the social security financing structure and the benefits and eligibility standards that will permit funds to meet its long-term obligations.

The report which we are considering today does not do so. It is just a stopgap which restores the minimum benefit to those now receiving it, and provides for the interfund borrowing, both of which are desirable but neither of which addresses itself to the long-run problem.

Even so it may be that this bill has a silver lining, and that had been alluded to by at least one of those who

has already spoken, and that is the question of whether or not by the adoption of this bill and the manner and atmosphere in which it has been adopted will tend to diffuse the political donnybrook which has resulted from the proposals submitted by the President on May 12.

As many of you know, I faulted the President for his proposal in one very significant respect. I thought his plan was a masterpiece of bad timing. It arrived on the Hill at exactly the moment when there had been a very divisive and a very vigorous struggle over the budget in the House of Representatives.

The Speaker of the House and others in the House were looking for an issue to jump on, and they jumped on this one, and in response to that initiative a lot of people jumped on the President's proposal and really criticized it—and while I did not agree with it fully, I think really criticized the President's proposal—more than it deserved and, as a consequence, we have spent all year trying to somehow recreate the sort of bipartisan atmosphere in which it will be possible to legislate on this subject.

Mr. President, I would like to pay tribute, as we shut down this issue for the year, to a number of people in this Chamber and in the other body of both parties who have approached it in that spirit of bipartisanship. That is what it is going to take to solve the social security problem. So to the extent that this conference report and this faltering step that we take today contribute to that effort I certainly think it is worthwhile.

It will be my hope and my purpose as we resume deliberations of this issue in the Senate, in the committee, and in whatever forums there may be for discussion of social security needs and reform to do so in a low key and bipartisan way.

However, I must say this: If we are treated next year to a resumption of the kind of partisan attacks that we have seen this year then I can guarantee that the Senator from Colorado is going to respond in kind.

Finally, Mr. President, I heard something during the last few minutes which caused me great concern. For those who are wondering why my hair is standing on end, it is because I thought I heard somebody say something about a lame-duck session next year. I hope that we could have assurances from whatever proper authorities there may be that we are not going to have a lame-duck session. Certainly to plan for such a thing a year in advance is, in my view, irresponsible. As I have pointed out at some earlier time to Senators, I think the notion of a postelection or lame-duck session is unwise under almost any circumstances short of a true national emergency such as war or a natural disaster.

To have such a session simply means that after an election people who no longer possess fresh and valid charters from their constituents are nonetheless summoned back here to legislate, or to be more direct about it, people who have either retired from office or have been voted out of office by their constituents

come back to legislate for a couple of months.

While this is technically legal and is certainly precedented, it is not a good practice, in my opinion.

It has not been long the custom of Congress and it would not be a good tradition to get started. We have done it at some time in the past. My view is, first, it is wrong in principle because it does have a bunch of people who are lame-ducks or whatever you want to call them legislating, and that is not a good practice. It is not consistent with the ideals of representative democracy.

Second, it does not seem to produce high-quality work. That I guess is in the eye of the beholder, but in the eye of at least one beholder it smacks of illegitimacy and produces poor results. So I would be hopeful we would not be forced to resort to a lame-duck session next year.

Mr. President, again with my appreciation for those who made it possible for us to take even this modest step toward the conference report, I will urge its adoption.

Mr. MOYNIHAN. Mr. President, I rose to say that the matter we bring to the Senate this afternoon from the committee of conference did not begin as a bipartisan effort, but it ended as one, and I would have thought—I could be wrong, and I am happy to hear wherein I was if that is the case—because I certainly did not intend it—I would have thought my remarks were bipartisan. I do not feel that the response of the distinguished Senator from Colorado, who is the chairman of our subcommittee, of which I am the ranking member, were in any way similar to that suggestion on my part.

I see the Senator has returned and I am happy because I would not want to speak in his absence.

The Senator began by referring to the President's proposal to reduce social security by 40 percent in January for persons retiring at age 62—the majority of persons who do retire take their retirement before age 65—as a masterpiece of bad timing. It could have been done, if it had been calculated, a little bit better.

This is reminiscent of a statement made by the Counselor to the President, Mr. Edwin Meese, which was reported in the New York Times of September 25, 1981. Referring to that masterpiece of bad timing, he is quoted as saying:

It was not the policy aspect that was the problem. It was the fact that the selling of it, the marketing of it, which is not my domain, was the problem.

It did not happen on his watch, it did not happen in his part of the operation.

The people who worked to market it were guilty of a masterpiece of bad timing. I think these are remarkably convergent observations.

Let me then take the time of the Senate to read from "The Education of David Stockman." Remember, we said that the proposal to slash benefits by 40 percent did not respond to the crisis of the fund in the 1980's, but to the need to get revenue to offset deficits elsewhere? But here is from page 45, after describing the original proposal, and this is Mr. Greider speaking.

Despite the political uproar, Stockman thought a compromise would eventually emerge because of the pressure to "save" social security. This would give him at least a portion of the budget savings he needed.

May I repeat this for the benefit of the Senators:

This would give him at least a portion of the budget savings he needed.

Not for social security, not for social security, let me repeat, but to work out the aftermath of the collapse of the Trojan horse.

I continue, and now we are quoting Mr. Stockman:

I still think we will recover a good deal of ground from this. It will permit the politicians to make it look like they are doing something for the beneficiary population when they are doing something to it which they normally wouldn't have the courage to undertake.

Quoting Mr. Greider:

But there was less "courage" among politicians than Stockman assumed. Indeed one politician who scurried away from the President's proposed cuts in social security was the President. Stockman wanted him to go on television again, address the Nation on social security's impending bankruptcy and build a popular constituency for the changes. But White House advisers did not.

Quoting Mr. Stockman again:

The President was very interested in the reform package and he believed it was the right thing to do.

The problem is that the politicians are so wary of the Social Security issue per se that they want to keep him away from it, thinking they could somehow have an administration initiative that came out of the boondocks somewhere and the President wouldn't be tagged with it. Well, that was just pure naive nonsense . . . My view was, if you had to play this thing over, you should have the President go on TV and give a twenty-minute Fireside Chat, with some nice charts . . . You could have created a climate in which major things could be changed."

The White House rejected that idea. Ronald Reagan kept his distance from the controversy, but it would not go away. In September, Reagan did finally address the issue in a televised chat with the nation; he disowned Stockman's reform plan. Reagan said that there was a lot of "misinformation" about in the land, to the effect that the President wanted to cut Social Security. Not true, he declared, though Reagan had proposed such a cut in May. Indeed, the President not only buried the Social Security cut he had proposed earlier but retreated on one reform measure—elimination of the minimum benefits—that Congress had already, reluctantly, approved.

Mr. President, it is not necessary to be partisan about this, but it is possible. Only just this last weekend, the distinguished majority leader of the House of Representatives, speaking about this particular article, asked a painful question. He said:

If the Director of the Office of Management and Budget knew the degree of deception involved in that early proposal, was he the only one in the White House who did?

Perhaps "deception" is too strong a word. And yet "imminent bankruptcy," et cetera, et cetera, et cetera, was used, language that did terrify people. And here it is in print just as we said.

It was nothing to do with the state of the social security fund. It was meant to save money to offset deficits elsewhere in the budget.

Now, that is the fact. It is an acknowledged fact. My Lord in heaven, it usually takes three official biographers before you find out that that is really what Cordell Hull had in mind in 1937. We might have waited until the year 2020 to learn this. But it happens we just learned it a month ago. And what we learned was what we knew.

I did not come to this floor in anything other than a spirit of bipartisan compromise of saying we have done good work and saying there is work yet to be done. But I do not think that what happened last May was a masterpiece of bad timing. I do not share the view of the counselor to the President that it was the marketing of the program, not his responsibility, as he made it. Let me repeat Mr. Meese's statement.

It was not the policy aspect that was the problem. It was the fact of the selling of it, the marketing of it, which is not my domain, was the problem.

Now, in bringing this matter to the floor, after a unanimous decision of the Committee on Finance and a unanimous conferees' vote on the Senate side of the conference committee, I would hope we put behind us a policy, the thought that this was all just a mistake in timing or in marketing. If it continues to be the purpose of the administration and the majority in this body sharply to cut the social security system of our country, reduce benefits of the people now receiving them, then the year has, indeed, not had the success I thought it had.

I thought that when we vote on May 20 by 96 to zero not to do that, that those were good faith votes on the other side of the aisle. And I am sure they were. But I wonder, was that a vote against a mistake in timing or a mistake in policy? Was there, in fact, no mistake in policy but merely bad marketing, bad selling of it?

Perhaps we have not come to the end of our division here. Perhaps there is not a bipartisan judgment that the system needs to be attended to. But can it be, without impairing it? I would hope that that is not so.

But if it is, let it be understood that this side of the aisle is now alerted to that prospect. If we have to smash the efforts next time as we smashed them last time, we will. We are not going to break word with the American people. We put this system in place against a bitter opposition of the persons opposite. And if that opposition, after 45 years, is still there and the face of a 6-month healing effort has not healed at all but simply has become more concealed, only to come up once a decision has been made, well, we shall still be here and social security will still be here.

We went through something that I had hoped we would never go through again—attempts to use the retirement benefits of the American people for the political purpose of offsetting a deficit that came about through political mis-

calculations, economic miscalculations. That money does not belong to the Budget Director. It does not belong to the Congress or the President. It belongs in the social security trust fund. It is not to be used for other purposes. Attempts to use it were brazen, it was declared in this Chamber, then this was revealed by Mr. Stockman. I came to this floor this afternoon to say, "Well, fine that is behind us. We have a bipartisan support. We have worked to do it and we will do it. And if it can be done in a special session, fine. If a special session is not appropriate, fine. But it has to be done. But whenever we do it, ours will not be the work of dismantling the social security system."

And if we cannot have an understanding on that, we shall have war over it. We smashed the last effort; we will smash the next one. We did not do it with any pleasure. We did it out of a sense of duty and responsibility and understanding of this system. We did not put it in place because we did not know what it was.

We know perfectly well that the President's message of May 12 was exactly what Mr. Stockman told Mr. Greider, that it was an effort to give him at least a portion of the budget savings he needed. Now, it is not often in the history of political debate that a charge made in a partisan atmosphere is so quickly confirmed to have been true.

I rose on this floor where the majority leader is sitting on May 20 and said that this is not an effort to save the social security system; that this is an effort to save the collapsing budget prospects of the administration. They knew perfectly well that they were asking for vastly more reductions in benefits and payments in the 1980's than they could ever reasonably think they would need to maintain a balanced fund situation. And then, after the 1990's, social security would go into a period of approximately 25 years of surplus, after which there would be a new period of deficit.

I stood right there and I said that this is not for social security, this is to produce savings in the budget. And in the Atlantic Monthly, you read exactly, within days, that Mr. Stockman was saying that to Mr. Greider.

We have been prepared to forget all about that and say let us ascribe it to the first year in office, which is never the easiest of transition for anyone to make. But if we have not put that behind us, if it is still ahead of us, let it be on the record that we are still here and we are alerted. We are committed to this program. We are not obsessive about it.

The Members on this side went to that conference committee proposing to raise funds to offset the minimum. We have not hesitated to do things that are not easy to do. It is not easy for us to impose on sick pay the ordinary level of FICA taxes.

It is the fact, as I understand it, and I believe I am correct in this, that the original exemption was made in order to encourage the adoption of sick pay provisions. They were not common in the 1930's. They were rare. They are common



now. It is defensible social policy to say that they should be treated as any other income because they are designed to be as any other income.

It would have been easy to say there was not a single chance, but if the effort of May 1980 was simply a masterpiece of bad timing and if it was not the policy aspect of the problem, that it was the fact that the selling of it, the marketing of it, was the problem, then we have a turbulent time ahead indeed. If that is to be, so be it.

Mr. President, I will not detain the Senate any longer. The distinguished ranking member of the Committee on Finance is present, as is the minority leader. I simply want to say I came on this floor in the spirit of compromise and bipartisan understanding of a common responsibility, and I expect that will survive this little exchange. But no one should be proposing that the Members on this side will not be aware of what has been said, alerted to what might be done, and, indeed, if we have to go through the events of the last 8 months once again, we will go through the events of the last 8 months once again.

I would hope, Mr. President, that we could proceed in the spirit of the Finance Committee's original report and the committee of conference, which is a bipartisan effort to secure the system and to restore to the American people a shamelessly damaged understanding of the fundamental soundness of the social security system. It is sound because, as the distinguished Senator from Louisiana has said, Congress will keep it sound. Nothing larger could be said but in the history of human institutions, that is a very powerful statement. I thank the Chair.

The PRESIDING OFFICER. The Senator from Louisiana, Mr. Long.

Mr. LONG. Mr. President, I support the conference report on the bill H.R. 4331. The main element in this legislation is the restoration of the social security minimum benefit. Under this provision, that benefit will be preserved for all those who are already on the benefit rolls or who become eligible before the end of this month. On several occasions over the past year, I offered and supported amendments to assure that the minimum benefit would not be taken away from those already receiving it. Many of these people are quite old and have been depending on that income for many years. I am pleased that agreement has been reached on legislation to avoid that unfortunate situation.

The conference agreement also includes an extension of social security taxes to cover sick pay. This provision will partially offset the cost to the trust fund from the restoration of the minimum benefit. In addition, the conference agreement allows for interfund borrowing through the end of next year. Clearly further action by the Congress will be needed to assure the soundness of the program, but these provisions do give us some time to take the needed actions. I urge the adoption of the conference agreement.

Mr. DeCONCINI addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. DeCONCINI. Mr. President, I rise in support of the conference report on H.R. 4331. The conference report does restore the minimum benefit for those presently receiving it and for those who qualified before December 31, 1981. Those retiring after this year would not be eligible.

On at least five occasions a majority saw fit on this floor to oppose the restoration of this benefit. I applaud them for supporting the President's change of heart in this effort and restoring the minimum benefit for those presently receiving it. I wish we had not tinkered with this in the first place. There was no justifiable reason. With strong commitments on a bipartisan basis on both sides of the aisle, the President on many occasions had said this was a safety net and would not be touched. Then we not only touched it but we hammered away at it.

In total, this is an improvement. I think it is best left alone when you have a commitment not to change the basic structures, and I think the social security system is such a basic structure, at least as it relates to the benefit side.

We ought not to be making those alterations.

On the side of financing and the management of those funds there are many alterations that must be considered, but as far as reducing the benefit, raising age limitations, eliminating or substantially reducing the cost of living, we can do better here in balancing the budget.

I just came from the Foreign Operations Appropriations Conference Committee. We will indeed, I suspect, agree on a conference report from that Appropriations Subcommittee that will be a larger foreign aid bill under this administration than it was under the previous administration.

It is hard for me to face retirees, people who have worked and paid in their hard-earned money into the social security system, and then be asked that to balance the budget we must make some alterations or reductions.

I am glad to learn that most of the more onerous provisions in the Senate version of H.R. 4331 I have been removed. For example, the offset for those receiving Government pensions was removed during the conference. However, the provision taxing the first 6 months of sick pay remains. This reduction in benefits and the failure to provide minimum benefits for future retirees causes me some concern. But in the spirit of getting the restoration of the minimum benefits, restored almost to what they were, I will reluctantly support the conference report, for unless we pass this measure those presently receiving benefits will have them terminated.

Mr. MOYNIHAN. Mr. President, in order that the record might be clear, might I say that the exemption of sick pay was included in the law in 1939, not in the original 1935 legislation. My understanding remains that it was done to encourage the adoption of this provision at a time when it was not common.

#### SOCIAL SECURITY

Mr. ROBERT C. BYRD. Mr. President, 2 weeks ago, President Reagan addressed the White House Conference on Aging. In that speech, the President made some

amazing statements about the record of his administration on social security.

The President began:

Maybe you can understand my frustration . . . to be portrayed as somehow an enemy of my own generation. Most of the attack has been centered around one issue, social security.

Less than 4 months into his term, last May, the President asked Congress to cut social security benefits by more than \$88 billion over the next 5 years. The administration asked Congress to immediately slash retirement benefits for Americans having to retire before the age of 65 by 40 percent. Eight days after the administration formally proposed its \$88 billion benefit cut plan, the Republican-controlled Senate rejected it, by a unanimous vote of 96 to zero. Yet, late into the summer, the administration continued to assume these deep benefit cuts in its budget.

At the Conference on Aging, the President said:

There's been political demagoguery and outright falsehood, and as a result, many who rely on social security for their livelihood have been needlessly and cruelly frightened.

Again, the President is right. In announcing the administration's plan of \$88 billion in social security benefit cuts, it was Health and Human Services Secretary Schweiker who said:

The crisis is inescapable. It is here. It is now. It is serious.

In defending the administration's May plan, it was OMB Director Stockman who testified before the House Ways and Means Committee:

The question before Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all in less than two years hence. . . . The most devastating bankruptcy in history will occur on or about Nov. 3, 1982.

Yet, by the administration's own estimates, the May social security plan called for deeper benefit cuts and greater savings than might be needed to insure the financial solvency of the system. In its plan, the administration appeared to be using the revenues of the social security system to balance the Federal budget.

Many of us read the December issue of the Atlantic Monthly. This time, David Stockman said:

The Social Security problem is not simply one of satisfying actuaries. . . . It's one of satisfying the here-and-now of budget requirements.

At the Conference on Aging, the President said:

In October of 1980, I pledged that I would try to restore the integrity of social security and to do so without penalty to those dependent on that program. I have kept my pledge and intend to keep it.

Today, we are taking a major step toward helping the President begin to keep that campaign pledge—as many of us have attempted to do throughout this session. The President asked Congress to cut the social security minimum benefit payment for retired Americans as part of his Federal budget-cutting plan. He asked for it and OMB Director Stockman fought for it.

The integrity of social security—and the overwhelming success of the system—is dependent upon the trust, confidence and predictability that promised benefits will be paid. Yet, as part of its Federal budget-cutting bill, in which the Congress was to cut waste, fraud and abuse, the administration asked Congress to take away a basic social security retirement benefit from some 3 million retired Americans.

The minimum benefit was designed to be a safety net under social security, to insure an adequate retirement pension for America's lowest-income workers. Over half the minimum benefit recipients are over the age of 70; 75 percent are elderly women. Over half a million Americans over the age of 80 have been receiving the minimum benefit for at least 15 years.

Democrats in the Senate attempted to prevent the minimum benefit from being eliminated by the administration's budget-cutting bill. OMB Director Stockman fought forcefully and consistently for complete across-the-board repeal. In an official statement, OMB described the pension payment as a "pure windfall for recipients," saying that financially needy retirees had a safety net of public welfare assistance to fall back on after their hard-earned retirement income was slashed.

On at least five votes in the Senate this year, Democrats fought to prevent elimination of the minimum benefit. Five times, we were defeated by Members from the other party, marching in lockstep to David Stockman's marching orders. Senate Democrats would have welcomed Republican votes in the fight to preserve the benefit, but partisan politics, directed from the OMB, resulted in partisan votes time and time again, on this, as well as other matters.

Two months after the House voted 404 to 20 to restore the minimum benefit cut—hardly what one could characterize as a partisan vote—and on this same night that Senate Democrats had been defeated, by only two votes, in their fifth attempt to preserve the benefit, the White House changed its mind and asked that the benefit be restored.

This change in thinking came only after it became clear that Democrats would not give up on this question—that the issue would not go away—and after it was clear that Congress would eventually act to restore the payment. Such action was inevitable.

In times of a partisan Senate, where straight party line votes seem to be the order of the day, this bill represents a victory where victories, for Democrats, appear to be scarce. And it is a victory to cherish because it is one springing from legitimate and strongly held policy disagreements regarding the future of social security.

It is a victory of the senior citizens of the country and I congratulate the Senate on what will soon be a vote to restore that minimum benefit payment.

Mr. President, I ask unanimous consent that a part of the special report of the Democratic Policy Committee listing the votes this year on the minimum benefit be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SPECIAL REPORT  
SOCIAL SECURITY VOTES, 1981  
*Minimum benefits*

No. 50 Riegle, et al. amendment to restore \$800 million in 1982 outlays and \$900 million in 1983 outlays to maintain current payments for Social Security minimum benefits and offsets these amounts by savings in administrative costs. Defeated 39 to 55. 91 percent of Democrats voted yea; 100 percent of Republicans voted nay. (S. Con. Res. 9, Budget Reconciliation, 1981-83, March 30, 1981)

No. 160 Riegle, et al. amendment to limit repeal of Social Security minimum benefit to new beneficiaries. Defeated 45 to 53. 89 percent of Democrats voted yea; 92 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 23, 1981)

No. 207 Dole motion to table Riegle, et al. amendment to restore Social Security minimum benefits to persons enrolled prior to December 1981. Tabled 52 to 46. 91 percent of Democrats voted nay; 92 percent of Republicans voted yea. (H.J. Res. 266 (H.R. 4242), Economic Recovery Tax Act of 1981, July 21, 1981)

No. 248 Chair ruling that Moynihan, et al. motion to bring up bill to restore Social Security minimum benefit is not in order in that no bill from the House may be considered on day received unless by unanimous consent. Chair sustained 57 to 30. 79 percent of Democrats voted nay; 100 percent of Republicans voted yea. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 249 Robert C. Byrd motion to adjourn for one minute as a means of considering Social Security Minimum Benefits bill. Motion rejected 37 to 49. 95 percent of Democrats voted yea; 100 percent of Republicans voted nay. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 284 Hatfield motion to table the Sasser, et al. amendment reducing the travel budgets of non-defense agencies, taking with it the second degree Chile, et al. amendment continuing Social Security minimum benefits for current recipients. Tabled 46 to 44. 95 percent of Democrats voted nay; 92 percent of Republicans voted yea. (H.J. Res. 325, Continuing Appropriations, 1982, September 24, 1981)

No. 315 Passage of bill restoring the minimum benefit for current recipients except those with monthly government pensions in excess of \$300 and allowing interfund borrowing. Bill passed 95 to 0. (H.R. 4331, Social Security Minimum Benefits, October 15, 1981)

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. MOYNIHAN. Mr. President, I congratulate the minority leader, who has been steadfast in this matter, without whose leadership and conviction there would be 3 million Americans, a third of whom are over 80 and have no other source of income, whose meager incomes would be substantially reduced. That is meager. It is not hyperbole. We are talking about poor people who would be reduced to welfare and are not now. If the distinguished minority leader goes home for Christmas with nothing else to look back on for the year, it would be a more than successful one for any normal person, not that he is not a normal person, but even so, I thank him.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator, who, as ranking member of the Senate Committee on Finance, led the way, offered

the amendments, was chief sponsor and author of the amendments, and provided the direction for the rest of us to follow. I personally thank him. The Senate is in his debt. The elderly citizens of this country will never cease to remember the services he has given in this regard.

Mr. DOMENICI. Mr. President, I yield myself 2 minutes.

Mr. President, I shall vote for this conference report that restores the social security minimum benefit, permits interfund borrowing among all of its trust funds, and makes other changes. The President has given his support to this bill and it obviously has broad congressional support.

However, as I said when the committee bill was considered on the floor, I am truly disappointed that we cannot agree on a wider range of proposals necessary to the soundness of social security. After all that this Congress has accomplished, we failed on perhaps the most important issue facing us. The bill today is merely a bandaid on a very serious wound.

I am also disappointed in this report from a budget standpoint. This bill will cost about \$400 million in fiscal year 1982, undoing a portion of reconciliation. We are also conceding that the \$4.2 billion in additional social security savings assumed in the first and second concurrent budget resolutions cannot be achieved.

Chairman DOLE plans on considering further changes to social security in the near future. I congratulate him and the other Senate conferees for their commitment and dedication.

Let us face a few realities, Mr. President. This bill does not solve the underlying financial problems of the social security system. The President knows this; the Congressional Budget Office has stated this; the House and Senate know it; and the public had better understand it. We will have to act again, and soon, to save the social security system and reassure millions of elderly and disabled recipients that their benefits will continue.

How soon? Mr. President, the estimates vary. Depending upon the estimate, social security could be in deficit in 1983 even with the legislation now before us. It all depends upon the economic recovery of the country. If economic conditions are even slightly worse than projected, we could be facing urgent social security financing problems even sooner.

I have confidence that Chairman DOLE and the Finance Committee can muster cooperation on this issue. I truly hope that everyone in this Chamber will join in support of the committee's efforts to address the social security financing dilemma. No partisan benefit will accrue to anyone if we allow social security to go bankrupt.

The administration has clearly indicated its willingness to discuss and consider all possible solutions to social security. I think that is a wise judgment. Social security must be separated from partisanship and discussed in an open and honest manner.

But Congress must show responsibility and act soon. Frankly what we are doing today is a short-term quick fix which contributes very little to solving longer-



run problems. The next time we work on social security, Congress will need to be far more courageous than it is being today.

Mr. President, it is interesting. I was not present when all the remarks about what has gone on in the past regarding the minimum benefit episode were given, but I think everyone should understand it from the standpoint of the single most important issue about social security, which is the solvency of the trust funds. It is interesting to note that when you finally analyze what has been done, this has been an excellent exercise in solvency, because the end product means that Congress will take care of what they perceive to be a commitment, and also, on a net basis, the trust fund is not going to lose any money over the next 3 years.

Regarding the major solvency problem that we are going to confront, I do not construe this present episode and one excellent exercise to solve a great deal of the solvency problem. But it is interesting for all that has been said here on the floor, and from the little I have heard, that there was some intent to hurt people and that we should live up to our commitments. As a matter of fact, some additional revenues were found; some changes were made and what we have now is a minimum benefit acceptable to everyone that at least does not cause the trust funds any further deficits in the next 3 years.

Mr. MOYNIHAN. Would the Senator yield for one remark? I simply want to express the appreciation of the conferees and the Committee on Finance for his generous comments.

Mr. DOMENICI. I am sorry, Mr. President. I did not hear Senator MOYNIHAN.

Mr. MOYNIHAN. I simply want to express the appreciation of the conferees and the Committee on Finance for his generous comments.

Mr. DOMENICI. I say, thank you very much, to my good friend from New York.

Mr. MOYNIHAN. I hope my friend from New Mexico has not developed a hearing impairment with respect to kind words.

Mr. DOMENICI. Mr. President, my head is so filled with numbers that I unintentionally immunized it from kind remarks. I apologize.

Mr. President, I believe the central issue that we are going to have to face up to, and I guess each could say it in his own way, is indeed, are we going to live up to a commitment to the social security recipients of this country? Perhaps there are different ways of looking at that. I think the central issue is not of a budgetary nature but that this commitment is to the solvency of the fund, both the solvency of the medicare fund and of the fund that disburses the retirement and disability checks to our millions and millions of beneficiaries.

I regret that people constantly state that there is no real budget reason for looking at it. I want to state from my standpoint, Mr. President, the only reason that I think it relates to the budget is that we must address the nature, the quality and quantity of the reserve that is established to assure the commitment

to pay benefits. That is what makes it part of budgetary debate. I want the Senate to know that this Senator does not look at it as chairman of the Budget Committee, from the standpoint of balancing budgets. But I say, I cannot disassociate, unless you want to take that out from under the budget of the U.S. Government, the responsibility for prudent reserves, stability of all three trust funds from budgetary consideration.

It was Lyndon Johnson who put social security into the consolidated Federal budget, and many people think it should come out. I do not think so. I believe that a budget item of this magnitude, with solvency of the trust funds, is indeed an integral part of looking at the Federal budget. Since that solvency is impacted by economics, by unemployment, by the level of employment, by growth, by inflation, and by interest, it certainly should be considered in the total package as we look at and share our responsibility, as a Budget Committee, to this institution and to the American people.

It is in that context that I hope those who are standing on the floor, on both sides of the aisle, saying that they are concerned about social security, will join hands, rather than forming some kind of irreconcilable chasm between us.

If we focus on the reality of the solvency of the fund and address that issue as we look at social security, I can assure you that we will have joint efforts at living up to the commitment everyone is speaking about. The commitment is not for the next 10 years. It is not just to those who are beneficiaries. It is also to those millions upon millions who are paying into that fund now and will be paying for 20 or 30 years. Both must be assured that the fund will be there to make its basic payments and live up to its basic responsibility.

Mr. MOYNIHAN. Mr. President, I say to the chairman of the Budget Committee, of which I am a member, that he makes perfect sense in what he has said.

An expenditure of this magnitude cannot be neutral with regard to the budget. It is part of the activities of the Federal Government, whether you print it in one volume or two. Generally speaking, it is desirable that there be an adequate surplus in the trust funds—probably not a huge surplus.

I can imagine some future budget director about the year 2010 finding that social security payments are taking more money out of the economy than he would wish to be the case. It could happen. It certainly is the case that for many years Presidents had a rather easy time of things because there was that small but not insignificant surplus.

The Senator from New York would not contradict anything the Senator from New Mexico has said.

Mr. DOMENICI. Mr. President, I say to the Senator from New York that I think where we may differ in the future, and it will all come out as his committee, under the leadership of the distinguished Senator from Kansas—and when the blue ribbon commission is ac-

tually operative—the differences will come out only with respect to how critical is the solvency issue. Is it 10 years down the line? Is it 3 years? Is it 15 years? Have we, by interfund borrowing, brought the proximity of insolvency closer? Is there some way to once again disassociate the two? But, obviously, sooner or later, we have to address that issue.

I wish we never had to do so. I wish I could stand here and say you did not have to raise any revenue to offset the cost of the minimum benefit, but you did. I do not think you did because you like to go through an exercise in raising revenue. I think you went through it because there is a genuine concern on the part of your committee, and obviously on the part of your counterparts in the House, that we cannot afford any significant outlays, at least without maximizing that day of reckoning.

That is what I said in commending the Senator.

Obviously, that is a different situation from the one we had when we started reconciliation some 7 or 8 months ago. We had the minimum benefit, with no new revenues. It was broader when you brought it back, and you narrowed it somewhat and paid for it. With the interfund borrowing, and no other kinds of reforms being looked at for a while, how close is the system to insolvency or serious solvency problems?

I think you could have a date in mind today and be absolutely looking at the facts as you see them. I could have a closer date in mind as to when that would occur, and I think I would be entitled to the same.

I hope that, in the next 24 months, we will arrive at the same conclusion, or that a compelling majority of both Houses will arrive at the same conclusion, with reference to this, and then address it.

Mr. HUDDLESTON. Mr. President, I support the pending conference report which would restore the social security minimum benefit to some 3 million beneficiaries nationwide. It is a benefit which never should have been repealed in the first place, and I am pleased that this body and the administration are finally giving the serious consideration due to a proposal to reinstate it. The House has already voted to do so, and I believe that we in the Senate have the responsibility to do the same.

The American people support the concept of reduced Federal spending, and on the whole, judging from the countless people I have heard from in Kentucky, would support some rational adjustments in the social security system if need be. It is the irrational cuts, particularly that of the minimum benefit, that they are not willing to stand by and support.

The financing of the old age and survivor's insurance trust fund does need to be strengthened; no present or future statistics dispute this. What is more, anticipated problems may surface much sooner than we would like to believe. All this depends on the ability of the economy to rebound and respond to what we all hope will be the successful effects of

the administration's economic policy on this country.

At issue, however, is not whether changes should be made, but how. I believe and have consistently stated that this can and should be achieved without severe reductions in benefits to those now receiving them and without reducing promised protection for those now contributing to the program. The massive and piecemeal cuts proposed by the administration to solve the problems facing the social security system have done just the opposite; they have been examples of using a meat ax instead of a scalpel to perform necessary surgery.

In the President's televised message to the Nation on September 24, we finally had a glimpse of what the administration has meant all these months in its referral to the truly needy. In fact, the main impact of the proposal to repeal the minimum benefit would fall on somewhere around 1.3 million elderly poor beneficiaries who would be forced to find other sources of assistance, most probably SSI or some form of State welfare.

It does not seem to me to be good, sound policy to deny benefits to elderly people who have been living for years on benefits we have pledged them and who have no ability to otherwise compensate for the loss of income proposed. And forcing them onto welfare or State public relief rolls is not the answer either.

There are other ways to bring the social security system out of immediate threat of insolvency than to drastically cut benefits to individuals who were paying into a system that claimed it would aid them in their retirement. I believe that the interfund borrowing mechanism endorsed by the Senate Finance Committee, and more recently, by the President, is one which will allow us to take a serious and in-depth look at the long-term financing of the system without placing the bulk of the responsibility of these problems on those least able to bear it.

I believe too that the 15-member task force proposed by the President will now have the time and resources which are integral to the formation of reasonable and workable answers to the future of social security.

Mr. President, the American people, by electing us to represent their interests in Washington, placed a trust in us. They have every right to expect us to uphold that trust, and in fact, to insist upon it. They have already experienced a violation of that trust in an administration that promised no changes in social security and then pushed through to passage benefit reductions which would collectively constitute the most severe cuts in the history of the system.

The implications for such a blatant violation of that trust are very serious. Should the American people get used to this game of chance where the tables can turn on them in the matter of seconds? I believe not. I urge my colleagues to join in this effort to restore the minimum benefit to those now receiving it and in so doing, some of the lost confidence and trust of the American people in their elected representatives.

Mr. HEINZ. Mr. President, first, I commend the manager of this bill.

I note the presence on the floor of several Members who have been instrumental in bringing about this work product—the chairman of the Finance Committee, Senator DOLE; the chairman of the subcommittee, Senator ARMSTRONG, who now occupies the chair; the ranking minority member on the subcommittee, Senator MOYNIHAN.

Senator DOLE and Senator MOYNIHAN are not occupied with the responsibilities of the chair at this moment, and I wish to bring to their attention a problem that was brought to my attention earlier today regarding page 13 of this bill, where I believe there has been an inadvertent drafting error.

I think Senator MOYNIHAN and Senator DOLE will recall a discussion involving ourselves and Mr. Spahn, and I think the transcript of that discussion will show that at our meeting of the conferees on this bill yesterday, we had reached a clear understanding that the waiver of interest and penalties referred to in section 3(f) of the bill would be granted automatically in all cases of the delinquent payment of the payroll tax on sick pay prior to June 30, 1982, unless it could be shown that late payment was due to willful neglect.

I ask my colleagues if that was their understanding as well.

Mr. DOLE. That is our understanding.

First, I thank the distinguished Senator from Pennsylvania, one of the conferees, for raising this issue in conference. He is correct. There is a drafting error that failed to remove the words involving "reasonable cause." That was the agreement reached by the conference.

It was the view of the conferees that the tax should be made effective in January and that interest and penalties for failure to comply should be waived for 6 months unless the late payment is due to willful neglect.

Mr. MOYNIHAN. That is my understanding, too.

Mr. HEINZ. I think the record we make here is clear: that there is no burden on the employer in having to show that he has reasonable cause. The burden, as I understand it, would be on the enforcement agency of this bill to show willful neglect.

Mr. DOLE. That is the understanding of the chairman of the conference, and I think it is the understanding of the other conferees.

Mr. MOYNIHAN. That is the understanding of the Senator from New York.

Mr. HEINZ. I thank my colleagues. I appreciate it.

Mr. President, the conference report now before the Senate is one which I suspect everyone in this Chamber will be able to support. With this action we can end the discussion of the minimum benefit and act positively to assure that the 3-million individuals who now rely on this \$122 a month to continue receiving it without interruption. While I am pleased that we can at last send this bill to the President, I am disappointed that the Congress has been unable to agree to any measures which could help alleviate social security's pressing financing problem.

It was my hope, and I believe the hope of my fellow conferees on this bill, that we could retain the minimum benefit without losing any of the short-term savings we achieved in the Omnibus Budget Reconciliation Act earlier this year. This bill was never intended to provide any solution to social security's short-term problems, but it should have at least been neutral in its impact on the trust funds. Unfortunately, this bill not only does nothing to improve the trust funds, it actually ends up costing the trust funds \$1.7 billion between now and 1986. Given the highly charged atmosphere surrounding the social security issue this year, I am persuaded to conclude, albeit reluctantly, that this package is the best compromise we can expect. At least it leaves us with no illusions—it can not get social security through the decade, it cannot even get it through the next 5 years. In fact, the Congress will be lucky if we are spared the agony of wrestling with social security again before the next election.

Mr. President, this bill does nothing to lessen the urgency of social security's financing problems. Interfund borrowing for 12 months only postpones the inevitable depletion of the old age, survivor's and disability funds until the end of next year. Before then the Congress must come to grips with the need for additional revenues or savings in the old age and survivors insurance and the hospital insurance program.

Even if we had authorized interfund borrowing until the end of the decade, we would still only have about 97 percent of the revenues needed in all three funds to cover outlays and maintain a 2-month reserve cushion under intermediate assumptions. I consider this an optimistic assessment. In fact, if you look at the performance of the economy this year, it is clear that we will be lucky to see an economy as healthy as the intermediate assumptions forecast.

This year's price increases appear to be exceeding wage increases by more than was forecast. And the rising rates of unemployment and declining growth rates are cause for concern in reviewing next year's forecasts.

The real problem in social security, however, is not the short term deficits in OASDI. These deficits are small by comparison to the deficits we will see in medicare in the next decade; and they are temporary. After 1990, an already scheduled increase in the payroll tax rate will restore the solvency of OASDI for another 25 years. At the same time, medicare will be headed for imminent and permanent depletion. We cannot allow this to happen. Medicare has been the foundation for improved health care for millions of older men and women. It has vastly contributed to the better health that now prevails among the elderly and it is vital to their continued well-being. But if we look beyond this decade, we can clearly see that medicare's financing problems dwarf the difficulties we have in OASDI, either short range or long range. Between now and the turn of the century, OASDI will actually have on average an annual surplus, while medicare will have, on average, large annual deficits twice as large as the surpluses in OASDI.

In the next 25 years, under intermediate assumptions, OASDI will average a surplus of \$8.1 billion a year in constant 1981 dollars. Over the same period, the hospital insurance fund will average a deficit of \$16.1 billion a year (constant dollars). If you extend the period to 50 years or 75 years, the differences are even more extreme. For instance, over the next 50 years, the average annual deficits in HI are 10 times as great as those in OASDI.

The medicare financing problem, and the short-term and long-term deficits in the old age, survivors, and disability insurance programs are now matters to be taken up by the bipartisan task force the President called for in his nationally televised speech on September 24. I urge the task force and the Congress to work quickly. The confidence of the American people in social security and in the Congress is dwindling rapidly. It is unfair to those who have retired and those about to retire to keep up this atmosphere of alarm and uncertainty indefinitely. And ultimately, it can only weaken public support for the social security system to drag the country through these prophecies of gloom and doom year after year. This bill will give the Congress a brief respite we need from the politics of social security to consider options for resolving the system's problems. I urge my colleagues to support this conference report and then to take advantage of the opportunity this affords us for addressing social security's problems more objectively in the next session.

Mr. DOLE. Mr. President, it is my understanding that there is an agreement that there will be no vote before 4 o'clock. Is that correct?

Does the Senator from New York know of other speakers on his side?

Mr. MOYNIHAN. I am not aware of any.

Mr. DOLE. Mr. President, I thank the distinguished Senator from New York and others who have participated in the discussion—the Senator from Colorado, the Senator from Pennsylvania, and others. The Senator from Kansas was necessarily absent for about 30 minutes.

Mr. President, we have a responsibility, those of us on the committee and those who may serve on the task force—I understand that some in this body will be on that task force—to come to some resolution of this very important problem.

We were told in the last few days that we will soon reach the point when social security will take up about 23 percent of the total budget. It is a large item that needs to be addressed.

I do not suggest, as the Senator from New York has indicated a number of times, that we should balance the budget on the backs of social security.

That is not in the interest of current beneficiaries or future beneficiaries. But all of us certainly have some responsibilities to restore the solvency of the social security program. I hope we can soon go to work in that area.

(Mr. HEINZ assumed the chair.)

Mr. MOYNIHAN. I wonder if I could ask the distinguished chairman what has he heard about the status of our task force, commission, board of inquiry?

Mr. DOLE. The Senator from Kansas understands it is about to be hatched.

Mr. MOYNIHAN. About to be hatched?

Mr. DOLE. Not axed but hatched.

Mr. MOYNIHAN. Is it hoped that the Senator from Kansas is to be a member?

Mr. DOLE. That is a possibility, but I cannot speak for the majority leader. I base my supposition that the appointments will soon be made on the fact that we are at the end of the session. There is some effort to conclude that procedure before the session ends.

Mr. MOYNIHAN. May I say it has been suggested to me by the minority leader that I be a member, and I said I would be proud to serve on it. I hope the President will be careful about the persons he chooses, and I know he will be. There is a long tradition of bipartisan concern among both parties. There are persons of experience in both parties, and I hope we might see a mixture in the Executive appointments that reflect that 45 years, and I am sure we will.

Mr. DOLE. Right. The Senator from Kansas heard a number of names under consideration, including such constituents of the Senator from New York as Alan Greenspan and others with considerable knowledge in the area.

Mr. MOYNIHAN. Alan Greenspan would be a superb appointee from some point of view. He is not likely to make my life easier, but he might sharpen my wits a bit, as he frequently does.

Mr. DOLE. It is only a rumor. I like to start rumors if I cannot do anything else, and I can start a few rumors while we are waiting to check out the votes. I understand that process is now under way.

The Senator from Iowa (Mr. JEPSEN) is on his way to the floor to make a brief statement on the conference report. So while he is about to enter the Chamber I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JEPSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEPSEN. Mr. President, a great deal has been said on the floor today regarding the real status of the social security trust funds. In addition, we have heard Members tell us how it was only through the efforts of our Democratic colleagues that the minimum benefit was saved. I think it important, Mr. President to try and get this whole issue in perspective. I do this, because it is my solemn desire, along with my colleagues, to see social security handled in a bipartisan manner. I am afraid, however, that in light of the comments made here this afternoon, this may prove difficult.

I therefore would like to quote from a Democratic study group report. It is a fact sheet dealing with social security.

It is a factsheet dated October 17, 1977, from the Democratic Study Group. These are the Democrats now in 1977, and the factsheet reads as follows:

The social security system currently faces two financing crises, long term and short term. Since 1975, due to the high rates of

unemployment (which curtail social security revenues) and the equally high rates of inflation (which cause increases in social security benefits), the OASI and DI trust funds have experienced annual deficits; i.e., expenditures have exceeded income. Thus, the funds have had to eat into their reserves. Projections show that if no action is taken, the DI trust fund will be exhausted in 1979 and the OASI trust fund will run out in 1983.

The long term crisis is primarily caused by the sharp decline in the birth rate, along with an increase in average life expectancy and a trend toward earlier retirement. These trends mean that the number of people working and paying social security contributions in the future will be smaller in relation to the number drawing benefits. For example, today there are about three workers for every person getting social security benefits; the next century is expected to have only about two workers for every beneficiary. Consequently, the cost of the program per worker will rise.

What is most important about this statement, Mr. President, is the fact that it was made in 1977. The date of this factsheet is October 17, 1977.

The other point I would like to make, Mr. President, deals with the social security minimum benefit. Included in this same report is a list of amendments to be offered by House Members. Under the following heading "Minimum Benefit," the following Democratic proposal appears:

#### MINIMUM BENEFIT

If the universal coverage provisions are stricken from the bill, Rep. Corman will offer an amendment to eliminate the minimum benefit from the social security program.

Arguments for the Amendments.—Proponents of the amendment argue that if universal coverage is stricken from the bill the minimum benefit must be eliminated to address the problem of "double dipping." Eliminating the minimum benefit will cut off the windfall social security benefits received by many retired civil servants. The minimum benefit is often paid to governmental employees who either moonlight or retire early and work just long enough under social security to meet the minimum eligibility requirements. As of December 1975 about 45 percent of civil service retirement annuitants also received social security benefits, and more than a quarter of them were receiving the minimum.

As we all know, Mr. President, universal coverage for Federal employees was not enacted. Thus, the Democratic alternative to this proposal was elimination of the so-called minimum benefit.

As I mentioned when I began my remarks, I would hope that social security could be dealt with in a responsible, bipartisan manner. Unfortunately, the rhetoric which has surrounded the debate thus far has only served to muddy the issue. Instead of trying to lay blame for the problems, for surely social security has been in trouble for a long time, we should lay aside the rhetoric and get down to restoring the system to its proper financial stability.

I thank my colleagues for listening to these interesting comments made by the Democrats in 1977. I think it gives us all some food for thought.

I thank the Chair.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. JEPSEN. Yes.

Mr. DOLE. I want to thank the distinguished Senator from Iowa for bringing

that material to the floor. There has been on the part of some on the other side—not all—a suggestion that somehow Republicans dreamed up this elimination of the minimum benefit. Some suggest that we are heartless and cold and do not care about low-income Americans. But by eliminating the minimum benefit we were trying to address some of the problems outlined by the distinguished Senator from Iowa. We did not give up until we got to conference on the theory that if, in fact, you have a sizable Federal, State, or local pension, you should not also receive a minimum benefit. You should receive your earned benefit but not the minimum.

But the House would not accept that. I only regret that I did not have that DSG document in conference. It would have been very helpful, and I appreciate the Senator from Iowa's diligence in furnishing this material.

Hopefully, those who cover this story will take note of the history of the minimum benefit elimination and will properly indicate that there are politics in social security. There always will be.

But, as the Senator from Iowa points up in his final statement, we do have a bipartisan obligation. I do not believe most senior citizens really care, when it comes to dealing with social security, what our party affiliation may be. I do not believe that the 115-million working Americans, Americans paying into this system, are interested so much in politics as in trying to find some way to preserve this system.

Based on the statement by the Senator from Iowa and others today on the Senate floor, I hope that we will accept that responsibility.

Social security is a highly politicized issue, no doubt about it. We can lay the blame in a number of places. The point is we have not addressed the social security problem. It is a matter of great concern to the Senate Finance Committee. I do regret, as chairman of that committee, that we have been unable to make any movement on social security except for the few changes made in the reconciliation bill. These changes were largely due to the efforts, I might say, of the chairman of the Budget Committee and others.

So we are going to do our best to work with Republicans and Democrats to forge meaningful change in the social security program—not to cut benefits but to restrain the growth in some areas so that those who now rely on social security and will rely on the program in the future can be assured that the system is sound.

To conclude, I urge my colleagues to support the conference agreement in full knowledge that the possibility of insolvency is right around the corner. The near-term financial condition of social security is revealed most clearly by recent projections of the "trust fund ratio"—the ratio of reserves in the system to the potential payout. In a sense, this statistic tells us whether we have sufficient money to pay benefits.

The historic level of these reserve ratios is instructive and points to the need for financing reform. We have always felt we should have a "fully self-sustaining"

system—that is, enough money on hand to insure benefits can continue to be paid without interruption.

In 1950, we had a fund reserve equal to 10 years worth of benefits. The reserve ratio was 1,157 percent of potential payouts. In 1960, the ratio was 186 percent. In 1970, the ratio dropped to 94 percent, and many in public life were quite concerned that the system was less than secure. In 1975, the combined fund ratio dropped to 68 percent, and after a major financing bill was passed in 1977, the ratio fell to 29 percent at the beginning of 1980, and to 23 percent at the beginning of this year. It now stands at 20 percent of annual outgo—just 2 months worth of benefits. It is projected to fall continuously.

If the reserve ratio ever dropped below 9 percent, the fund would not have sufficient funds to pay the benefits in the upcoming month. This is a tragic situation that should never be allowed to occur.

Some have said that we have no short-term financing problem because under current law, or as in the conference agreement, reserves should "only" fall to the range of 12 percent of the projected payout in 1985, according to CBO. This is simply not enough money to slip by, however.

The CBO believes that if we start a year with as little as 12 percent of needed funds, the normal swings in income to the fund that occur from month to month will plunge the ratio below 9 percent during the year. That is, the normal swings in income to the system, due to such factors as changes in the unemployment rate, will probably not permit the payment of benefits during 1985. If the CBO economic assumptions are at all optimistic, of course, then we will have a serious problem much sooner.

CBO does not believe we will slip through with current law and this package. As I have stressed on several occasions, we have a short-term problem of major proportions that we are not addressing here.

I thank my colleagues.

Mr. BRADLEY. Mr. President, I am pleased to vote today to restore social security minimum benefits to current beneficiaries and to those who become eligible by the end of 1981.

The administration's insistence on ending the program threatened significant hardship for many low-income elderly individuals and couples who count the \$122 monthly minimum benefit as an important source of income. Even the administration admitted that over half a million beneficiaries had incomes low enough to qualify them as "truly needy" and make them eligible for other assistance programs. But the administration excused this sudden harsh action by saying that these older Americans could simply go to their local welfare offices, stand in line, cope with the many confusing forms, document their income and expenses, and eventually receive aid.

The fact is that these older Americans would be sufficiently discouraged or embarrassed by these requirements that not very many of them would apply for aid. The administration admitted as much—

rather cynically, in my opinion—when they estimated that the cost of new assistance for these eligible low-income elderly would not be very great due to this discouragement factor. Phasing out the program was never considered; the administration wanted up-front savings and only total elimination of the program would bring the dollars needed to offset the administration's growing budget deficit.

Mr. President, despite Democratic attempts to continue social security minimum benefits to current recipients, the Congress did pass the administration's proposal to eliminate the program in the Reconciliation Act last summer.

However, as legislators began to hear from their constituents about this particularly rash bit of budget cutting, they started questioning the wisdom of ending minimum benefits for those already receiving them. The result is the legislation now before us for final passage, which would undo the earlier harmful action. Moreover, this legislation would not discriminate against those beneficiaries who are receiving Government pensions, earned through many years of dedicated public service. Nor would it reduce family benefits, as earlier proposed.

Mr. President, today we have the opportunity to correct a mistake. Many older Americans have endured months of worry about their financial status. That worry should never have plagued them; the administration's proposal should never have been passed. Mr. President, I am pleased to join my colleagues in easing the minds of these older Americans by restoring the social security minimum benefits on which so many of them depend.

Mr. DECONCINI. Mr. President, I am pleased to cosponsor S. 1944, a bill introduced by Senator LEVIN which amends title II of the Social Security Act to provide that disability benefits cannot be terminated prior to exhaustion of administrative remedies unless current medical evidence substantiates such a termination.

According to a newspaper report, the administration recently estimated that up to 25 percent of those receiving social security disability payments are physically able to work. The article went on to say that John Svahn, Social Security Administrator, told a House subcommittee that of 55,000 final decisions made by the end of September, 26,000 were ordered taken off the rolls. Mr. Svahn was quoted as saying that a substantial number of appeals are anticipated.

I do not believe that too many would quarrel with the proposition that those who are capable of engaging in "substantial gainful activity" should not be receiving social security disability benefits—I would not. Thus, the administration's effort to ferret out those who should not be receiving disability benefits is commendable. However, even the most avid ferreter, one assumes, would have the necessary medical evidence to document a termination of one's disability benefits.

Apparently, current medical evidence is not high on the priority list of those

who have the responsibility for ferreting. In a survey of those most familiar with the review process for making an eligibility determination several cogent conclusions were reached. This survey conducted by members of Senator LEVIN's staff resulted in the following conclusions.

First. Persons have been terminated from the Disability rolls even when they meet the medical listing of the Social Security disability program.

Second. Hundreds of terminations were the result of staff error. Hundreds more were as a result of arbitrary decisions rendered by overworked, untrained staffers.

Third. State agency employees revealed they were instructed to meet quotas.

Fourth. Beneficiaries are being terminated from the rolls even in some cases where the findings of the consultative exam and the treating physician is that the patient cannot even perform the normal day to day functions of living. Many of these terminations were beneficiaries over the age of 55, with a good work history prior to their disabling condition and had been on the rolls 2 or 3 years.

Fifth. Beneficiaries are being terminated from the rolls without any current medical findings. Determinations are being made based on file findings—in many cases there has been no physical-medical examination of the beneficiary from 6 months to 1 year or more.

It is appalling that numerous terminations of disability benefits are based on scanty or no medical evidence at all, and in many instances are arbitrary decisions of overworked and untrained staff, made because a quota must be met. Further, these kinds of decisions affect some of the most vulnerable of our citizens. The National Commission on Social Security in its final report stated:

Those receiving Disability Insurance benefits tend to be older workers; 73 percent of those on the Disability Insurance rolls at the end of 1977 were over the age of 50; 58 percent were over the age of 55. Many have progressive impairments that are not likely to be reversed. Many have limited educations and job skills and few prospects for transferring to new occupations before retirement.

Mr. President, it saddens me that lives must be severely disrupted and in some cases taken before we feel compelled to act. Senator LEVIN cited in his introductory statement, as I did in the RECORD last February, the suicide of an Arizona constituent who took her life 2 days before an appeal reversal decision arrived in the mail. Other similar examples, both in Arizona and throughout the Nation, could be given, but rather than such recitations, what is needed is prompt actions on S. 1944.

What could be more fair, more equitable, more humane, than to simply require that disability benefits should continue through the appeals process unless a current medical examination attests to a change in the medical condition of the beneficiary which would support the conclusion that the beneficiary is capable of engaging in substantial gainful activity. I urge my colleagues to support S. 1944.

Mr. MITCHELL. Mr. President, the conference committee on the minimum benefit has taken a number of positive steps. First, it has restored the minimum benefit for all current beneficiaries. Second, it has averted a crisis in the financ-

ing of the social security system next year by authorizing borrowing among the three trust funds. Finally, it pays for most of the additional costs incurred by the restoration of the minimum benefit through a reform in the treatment of sick pay.

Based on President Reagan's original budget request, the Congress eliminated the minimum benefit for all beneficiaries in the Reconciliation Act. I opposed this action, both in the Finance Committee and on the Senate floor. Although budget cuts are necessary, they should not come at the expense of the neediest of the elderly. Many individuals changed their employment and retirement plans, based on the expectation of receiving the minimum benefit. Recalculating the benefits of these retirees imposes a major burden and breaks a commitment made by the Federal Government.

The conference version of the bill is much more equitable than the action taken in the Reconciliation Act. The conference version restores the minimum benefit to all retirees who would have been eligible for minimum up to January 1, 1982. Most of the additional costs resulting from this move will be covered by extending the social security payroll tax to the first 6 months of sick pay.

I am pleased that the conference retained an amendment that I offered in the Finance Committee. This amendment delays the effective date for elimination of the minimum benefit for members of religious orders by 10 years. These individuals are much more likely to have work histories in covered employment that result in earned benefits less than the minimum. This is due to vows of poverty these individuals take and because they have been covered by social security only since 1972. I believe that these circumstances are unique and that this legislation should reflect that fact. I am also pleased that the conference version does not single out retired Government employees to receive less than the minimum benefit. The Senate version would have reduced the minimum benefit for retired Government workers by the excess of their pensions over \$300.

Another important provision of the conference version is the 1-year authority for interfund borrowing. Even under optimistic economic assumptions, a transfer of revenues among the three trust funds would have been necessary to avert a financial crisis in the social security system in the near term. A shortfall was forecast for the retirement fund because the Congress, when it last allocated the payroll tax rate among the trust funds, did not earmark a sufficient amount of revenues for the retirement fund. This problem is best addressed by allowing a transfer among the trust funds rather than by cutting benefits or increasing taxes.

I commend the conference committee for its actions. It has addressed the most pressing issues facing the social security system. With no action, the minimum benefit would have been eliminated and the retirement fund would not have adequate reserves to pay monthly benefits some time next year. By approving the conference report, Congress can restore

public confidence in its ability to deal with the problems confronting the social security system.

Mr. KENNEDY. Mr. President, I am pleased today to join with my colleagues in supporting the agreement of House-Senate conference. This report endorses what many of us on this side of the aisle have been saying for months. The administration's social security proposals went far beyond what was needed to solve the trust funds' short term problems. The administration's plan to penalize early retirees and cut benefits for other senior citizens was nothing more than a veiled attempt to balance the budget on the backs of the elderly.

I just want to point out that I, along with the vast majority of my colleagues on this side of the aisle, have supported the proposal to permit interfund borrowing since the day the administration announced its ill-conceived cuts in social security.

Senator MOYNIHAN, Senator CHILES, and I offered an amendment to authorize interfund borrowing. It was defeated 51 to 54, with only one Republican voting with us.

We said that interfund borrowing would address the immediate short-term financing problem in the system and permit consideration of the potential long term problems in a calm, deliberative fashion. Secretary Schweiker, in testimony before the Finance Committee, supported this idea. Four former directors of the Social Security Administration supported it at a policy forum I held back in May when the President first announced his program.

For the last 7 months the senior citizens of this country have been told by the administration that the system was verging on collapse and that the financial crisis required immediate draconian cuts in benefits. But when we read the concessions of David Stockman we learned the real motives of this administration. As Stockman confessed, he was desperate to find the budget savings that were needed to offset the giveaways to the oil companies and windfalls to the rich in the tax bill the administration so eagerly embraced.

But this time the politicians listened to the people and rejected the Reagan-Stockman plan.

The proposal before us also restores the minimum benefit for current beneficiaries. The President said in his address to the Nation last September that he was asking that the minimum benefit be restored, implying that the Congress had taken steps to eliminate it.

I think we should again set the record straight.

The President's budget request called for eliminating the minimum benefit.

On six separate occasions Members of this body had the opportunity to restore the minimum benefit. On each occasion, the majority of Republicans voted against those amendments.

In a letter to Senator BYRD last July, the President suggested that "opportunistic political maneuvering especially designed to play on the fears of many Americans" lay behind initiatives to restore the minimum benefit.



The public did not accept that explanation then and does not believe it now. Senior citizens know that it was the administration who wanted to cut benefits and concerned Democrats who worked to restore them.

I am pleased that so many of my colleagues are now willing to change their minds and their votes.

I commend the work of the conferees. I believe the proposal worked out by the House and Senate offers a reasonable and responsible solution to the financing problems facing social security in the short term.

It is a significant departure from the administration's draconian proposals and a significant victory for our Nation's senior citizens. Our action here today renews our Nation's contract with those seniors who have paid in to social security over the years and now rely on those benefits.

Our action here today reaffirms this Nation's commitment to maintain a financially sound social security system without cutting benefits. Our action should reassure all those still working who doubt whether social security will be there when they retire.

Over the months my Democratic colleagues and I have argued that we cannot allow a questionable economic program to undermine and endanger the financial security of those citizens now retired and those workers about to retire. I am pleased that today so many of my Republican colleagues now see the wisdom of our arguments and will vote to protect the integrity of the social security system.

Senator BENTSEN. Mr. President, I would like to take just a moment to congratulate my colleagues Chairman DOLE and Senators LONG, MOYNIHAN, ARMSTRONG, HEINZ, and DANFORTH for having reached a workable compromise on the bill now before us. I am pleased to cast my vote one more time in favor of retaining the minimum social security benefit for the more than 3 million retirees now receiving these benefits, and to lend my support to an interfund transfer provision designed to alleviate the immediate financing difficulties of the retirement fund.

While I continue to believe that we in the Congress must be prepared to take on the difficult but necessary task of strengthening the future solvency of the social security system, I will not endorse modifications that force those now retired to bear the brunt of such changes through cuts in their monthly benefits. Our objective must be to strengthen the social security system for the long term and to insure Americans that their Government is capable of and determined to live up to its commitments. Any other approach to this issue would constitute a breach of trust with the 150 million American workers and retirees who built this country and whose retirement plans depend on a sound and equitable social security system. I urge my colleagues to join me in support of the agreement reached by the conferees.

Mrs. HAWKINS. Mr. President, today the Senate will vote on the conference report to H.R. 4331, the Social Security Amendments of 1981. Once again

we address the issue of whether or not to restore the minimum benefit which was eliminated in the Omnibus Reconciliation Act of 1981.

Ever since the elimination of the minimum benefit, I have consistently supported its restoration. On July 21, 1981, I voted to restore the minimum benefit. Again, on July 23, 1981, I voted to restore the minimum benefit to current beneficiaries. And on October 15, 1981, I voted to restore the minimum benefit.

It is with reservation that I vote in favor of this conference report. I will vote for the measure because it restores the minimum benefit for eligible beneficiaries retiring before January 1982.

Unfortunately, beneficiaries who retire later will not be so fortunate. I do not believe this is fair. The Congress should also honor its prior commitments at least to those planning to retire soon who have long counted on the minimum benefit when planning their retirement.

Furthermore, the conference report proposes interfund borrowing from the date of enactment through December 31, 1982. Permitting interfund borrowing for 1 year should not qualify as even a stop gap measure, it is just a temporary deferral from real decisionmaking.

The Senate amendment to H.R. 4331 would have authorized borrowing between OASI and DI trust funds until January 1991. This temporary decision does not really address the short term financing problems of the social security system. The Congress will have to act again prior to final adjournment of the 97th Congress.

In addition, when the Senate considered H.R. 4331, I expressed my opposition to limiting further the maximum received when a primary wage earner with dependents retires or dies. For this reason, I am pleased by the action taken by the conference committee to eliminate this unfair change.

Mr. President, although we need to authorize interfund borrowing for longer than 1 year and restore the minimum benefit to others not covered by this bill. I will vote for the report. However, the benefit from restoring the minimum benefit to over 3 million people outweighs the omissions I have stated.

Mr. DOLE. Mr. President, I know of no other requests for time.

Mr. MOYNIHAN. Mr. President, I know of no requests on our side.

Mr. DOLE. The yeas and nays have been ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER (Mr.

JEPSEN). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 486 Leg.]

YEAS—96

Abdnor	Ford	Moynihan
Andrews	Garn	Murkowski
Armstrong	Glenn	Nickles
Baker	Gorton	Nunn
Baucus	Grassley	Packwood
Bentsen	Hart	Pell
Biden	Hatch	Percy
Boren	Hatfield	Pressler
Boschwitz	Hawkins	Proxmire
Bradley	Hayakawa	Pryor
Bumpers	Heftin	Quayle
Burdick	Heinz	Randolph
Byrd	Helms	Riegle
Harry F., Jr.	Hollings	Roth
Byrd, Robert C.	Huddleston	Rudman
Cannon	Humphrey	Sarbanes
Chafee	Inouye	Sasser
Chiles	Jackson	Schmitt
Cochran	Jepson	Simpson
Cohen	Johnston	Specter
Cranston	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Kennedy	Stevens
DeConcini	Lamar	Symms
Denton	Leahy	Thurmond
Dixon	Levin	Tsongas
Dodd	Long	Wallop
Dole	Lugar	Warner
Domenici	Matsunaga	Weicker
Durenberger	Mattingly	Williams
Eagleton	McClure	Zorinsky
East	Metzenbaum	
Exon	Mitchell	

NOT VOTING—4

Goldwater	Melcher	Tower
Mathias		

So the conference report was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. METZENBAUM. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair. The PRESIDING OFFICER. The Chair recognizes the majority leader.





□ 1030

CONFERENCE REPORT ON H.R.  
4331, SOCIAL SECURITY  
AMENDMENTS OF 1981

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and agree to the conference report on the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The Clerk read the title of the conference report.

The SPEAKER pro tempore. Under the rule, a second is not required on this motion.

(For conference report and statement, see proceedings of the House of December 14, 1981.)

The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from Texas (Mr. ARCHER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that, given the important nature of this matter, time for debate be extended to an hour and a half, to be equally divided.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) therefore, will be recognized for 45 minutes, and the gentleman from Texas (Mr. ARCHER) will be recognized for 45 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, the conference agreement that I bring to the floor protects the benefits of every man and woman now in the social security system. I would call it a victory for the House in our negotiations with the Senate. We maintained the spirit of the House resolution on the minimum benefit and staved off Senate proposals for \$3 billion in benefit cuts.

The major achievement of this conference was to restore the minimum benefit for all current beneficiaries. That benefit was eliminated at the insistence of the President in the Gramm-Latta Reconciliation Act which passed the Congress last

summer. When the House had the opportunity to understand what was in the administration's Gramm-Latta package on social security and vote on the merits of the individual issue, it reinstated the minimum benefit both for current and new beneficiaries.

House conferees refused to accept Senate provisions for a dollar-for-dollar offset for those with Government pensions paying more than \$300 per month. The House also rejected a Senate proposal to eliminate the minimum benefit for current beneficiaries living outside the United States.

Under the Reconciliation Act, the minimum benefit for new beneficiaries would take effect on November 1 of this year, affecting December benefit checks. The agreement reached yesterday delays this effective date by 2 months.

The most controversial issue in conference was a Senate proposal to reduce the cap on maximum family social security benefits—a savings of \$3 billion over the next 5 years. They argued that the revenue loss resulting from reinstatement of the minimum benefit must be offset by benefit cuts in other areas. The House stood firm against any reduction in the "family maximum" benefit—which would have most affected surviving spouses and their children.

The Senate conferees Monday agreed to drop their proposal.

The next major item in dispute was a Senate provision relating to social security taxes on certain sick pay wages. Under current law, sick pay is excluded from covered wages if employers have a formal sick pay plan.

The Senate provision expanded the definition of covered wages to include all sick pay except that paid through insurance companies or other third parties.

Conferees finally agreed to a straightforward approach that treats all sick pay as covered, regardless of whether it is paid through third parties—with the exception of workmen's compensation.

The modified sick pay provision offsets much of the revenue lost by restoring the minimum benefit, and pulls payroll taxes more in line with income taxes on this issue.

The House prevailed in dropping a Senate provision extending the highway trust fund and its excise taxes through the decade. We felt that the issue was not germane to a social security bill. The House maintained that the provision went beyond the traditional authority of the Senate to amend House-passed revenue bills. We further believed that any long-range extension should only be considered after the Committee on Ways and Means has had an opportunity to review the financial status of the highway fund—and to consult with the Committee on Public Works and Transportation.

The House did accept several miscellaneous Senate amendments, including stiffer penalties for fraudulent use of social security numbers and waiving of certain provisions of the Privacy Act to facilitate administration of the 1980 law eliminating disability and student benefits for prisoners.

Taken together, the provisions of the conference agreement add up to net budget savings of \$1 billion over the next 5 years.

The final—and perhaps the most critical—measure adopted in conference would allow borrowing freely among the three social security trust funds for a 1-year period, beginning January 1, 1982, without any reallocation of the rates.

No member of the House conferees considers this agreement anything more than a temporary response to the long-term needs of the social security system.

This agreement is a response to the immediate anxieties of the Nation's elderly. At this time we owe them no less.

We will hear criticism that Congress failed to address the system's long-range financial demands, I have no doubt that we will consider that matter next year—and reach an agreement that restores not only an adequate reservoir in the trust funds, but also the confidence that the social security system will forever fulfill its promises.

At this point, I will review the specific provisions of the agreement in greater detail.

#### INTERFUND BORROWING

The House bill as sent to the Senate contained no financing provisions for social security. The Senate added a provision that would have reallocated social security taxes over the next several years, taking revenues flowing into the (health insurance) trust fund and the disability fund (disability insurances) and redirecting these revenues into the old age and survivors (OASI) fund. The Senate amendment also provided very limited borrowing only between the old-age and survivors and disability insurance trust funds.

The conferees discussed the financing issue extensively, and it is clear that the Congress will have to act soon, possibly before 1983, to resolve the financing problems of all three trust funds. Interfund borrowing or reallocation of tax rates gives us some time to solve this problem, but the conferees recognized that any such measures can buy only limited amounts of time. Therefore, in order to insure that some further consideration will be given to the social security financing problem in the near future, the conference agreement provides for no tax reallocation, and allows borrowing among all three trust funds (old-age and survivors, disability and hospital insurance) only through December 31, 1982.

The conferees intend that any transfer of funds made prior to the end of

1982 can only guarantee benefit payments for the first 6 months of 1983.

#### MINIMUM BENEFIT

The Omnibus Budget Reconciliation Act of 1981 eliminated the minimum benefit under social security for all current and future beneficiaries. This took effect in November of this year for future beneficiaries, and in March of 1982 for all current beneficiaries. At the same time this body approved final passage of the Reconciliation Act, we passed and sent to the Senate H.R. 4331, which rescinded that provision of the reconciliation bill, thereby restoring the minimum for all current and future beneficiaries. I might add that when the Committee on Ways and Means considered this provision in its regular budget work, the recommendation of our Social Security Subcommittee to eliminate the minimum for future beneficiaries, but not for current ones, was followed. This recommendation was in line with those from the General Accounting Office (GAO) and others, recognizing that while we should not cut benefits for current beneficiaries, eliminating the minimum for future recipients was appropriate, since most of them were not likely to be low-wage workers, but rather part-time or intermittent workers with coverage under pension plans or income from spouses.

When the Senate took action on this provision, they added several restrictions on which current minimum recipients would have their benefits restored: those living outside the United States would not be restored at all, and those with government pensions of over \$300 per month (regardless of whether the pension was from work covered by social security) would have their minimum benefit reduced dollar-for-dollar down to the level of the benefit based on their actual earnings. The Senate did not restore the minimum for future recipients, except for members of religious orders under a vow of poverty, who would be eligible for the minimum benefit until October 1991.

The conference agreement restores the minimum benefit for all people who are eligible for benefits before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. Also, the elimination of the minimum benefit for future recipients applies only to members of religious orders who have taken a vow of poverty and who become eligible after December 1991. (I would note that the Statement of Managers is incorrect; the correct date is December 1991.)

Thus, the conference agreement insures that no current recipients will have their benefits reduced, and further delays elimination of the minimum for future beneficiaries by 2 months beyond present law, from November to January. This action is consistent with the Committee on Ways and Means' position on this issue from the start. This provision does not

affect the "special minimum" provision in the law, which will still be available for workers who have truly worked for most of their careers under social security at low wages (below the minimum wage). Such a worker with 25 years under social security in 1980 would be getting a benefit of \$219.80 per month. It should be borne in mind that any worker with wages at or around the minimum wage for any length of time will get a social security benefit much higher than the minimum, now and into the future.

#### EXTENSION OF COVERAGE TO FIRST 6 MONTHS OF SICK PAY

The Senate amendment to H.R. 4331 extended withholding of social security contributions to certain payments made to employees who are absent from work due to illness. The Senate amendment would have, in general, provided for withholding of FICA contributions from sick payments made during the first 6 months that an employee was off work. However, the Senate also provided an exception to this general rule: Sick payments made by an insurance company would generally not have been considered wages for FICA tax purposes.

The conference agreement expands the Senate amendment to include sick payments made by all third-party payors, including insurance companies. The conferees felt that the conference agreement provided more equitable application of this sick pay provision since payments from all sources would be treated identically.

The conference agreement also mandates the development of regulations which will allow the third-party payor to meet the liability which is imposed on him as a result of this provision without deposit of both the employee and employer share of the payroll tax. Under these provisions, the third party will withhold the employee portion of the FICA tax, deposit this tax and notify the employer for whom services are usually rendered of the amount of sick payments made. At this point, the obligation to deposit the employer's share of the tax and to notify the IRS of the amount of sick payments made becomes that of the employer for whom the employee normally renders services.

In the event that the third-party payor fails to meet any of the appropriate criteria for shifting the liability of the employer portion of the tax to the employer-policyholder for whom services are normally rendered, then any overpayment of employer taxes; that is, combined third-party payor and normal employer taxes should be recovered under procedures established by Treasury regulations as intended by the conferees.

Changes made by this amendment are effective on January 1, 1982. The conferees, however, recognize that this date may pose problems for both employers and third-party payors. As a result, the conferees agreed to waive

interest and penalties for failure to make timely payments of taxes which are imposed as a result of this amendment except if this failure is due to willful neglect and if the taxes which are due are not deposited on or before June 30, 1982.

**PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS**

Under present law, criminal penalties are provided for: First, knowingly and willfully using a social security number that was obtained with false information; second, using someone else's social security number; or third, unlawfully disclosing or compelling the disclosure of someone else's social security number. The crime is considered a misdemeanor and the penalty involves a fine of up to \$1,000 or imprisonment of up to 1 year or both.

The Senate amendment would add new acts considered to be a misuse of social security cards by making it unlawful to: First, alter; second, buy or sell; third, counterfeit social security cards; or fourth, possess a regular or counterfeit card with intent to sell or alter it.

The provision would make all unlawful acts affecting the social security number or card a felony, rather than a misdemeanor.

It would increase the maximum fine for conviction of such acts from \$1,000 or \$5,000 and the maximum prison term from 1 year to 5 years.

The House conferees accepted the amendment.

Last year, the GAO investigated the misuse of social security cards and numbers. Their findings reveal that the fraudulent use of social security cards to gain benefits or jobs is growing immensely.

One recommendation of the GAO was to make the counterfeiting or altering of social security cards a felony punishable by a fine of \$5,000 or imprisonment for 5 years.

The amendment simply adopts the recommendation of the General Accounting Office.

**STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS**

The House conferees accepted the Senate amendment which simply confirms a requirement in Public Law 97-35 that the Secretary of Health and Human Services meet the January 1, 1982, deadline for entering into demonstration agreements with at least seven States establishing AFDC home health aide projects.

**INFORMATION WITH RESPECT TO PRISONERS**

Under the current law, student and disability benefits cannot be paid while individuals are imprisoned for conviction of a felony except where the individual is satisfactorily participating in a rehabilitation program.

In order to implement this law, the Secretary of HHS requires information from penal institutions with which to identify the relevant prisoners. In some cases, providing this information without the consent of the

prisoner possibly violates various privacy acts.

The Senate amendment would provide that, without regard to any contrary Federal or State law, Federal, State, or local government agencies must furnish the name and social security number of any prisoner convicted of a felony, when the Secretary of HHS makes a written request to the agency for that information.

The House conferees accepted the Senate amendment because it was the clear intent of Congress when enacting prior law that prisoner benefits not be paid and the conferees felt that all efforts should be made to accomplish this objective.

**REPORTS TO CONGRESS REGARDING PAYMENTS TO DECEASED PERSONS**

Under current law, social security benefits terminate with the month in which a beneficiary dies. The Senate amendment would require the Secretary of HHS to report to Congress within 90 days after enactment on actions being taken to prevent payments to deceased social security beneficiaries.

The House conferees accepted this provision in order to determine what actions the Social Security Administration is taking to prevent payments to deceased beneficiaries and whether these actions will be effective.

**EXTENSION OF DISABILITY INSURANCE MAXIMUM FAMILY BENEFITS TO OLD-AGE AND SURVIVORS INSURANCE BENEFICIARIES**

Under present law, there is a limit on the amount of monthly benefits that can be paid on the earnings record of one worker. This limit is known as the maximum family benefit (MFB). In retirement and survivors cases, the MFB ranges from 150 to 188 percent of the primary insurance amount, the unreduced benefit of the worker. In disability cases, the MFB can be no more than the lower of 85 percent of the worker's average indexed monthly earnings or 150 percent of the primary insurance amount, but not less than 100 percent of the primary insurance amount.

The Senate amendment would provide that the disability maximum family benefit formula would be extended to retirement and survivor cases for workers reaching age 62 or dying after December 1981.

The effect of the proposal on family benefits for workers at various earnings is illustrated in the table below. The benefit calculations are for 1981 even though the proposal would not have taken effect until 1982.

**COMPARISON OF CURRENT LAW AND THE SENATE PROPOSAL TO LIMIT FAMILY BENEFITS EXAMPLES OF 1981 BENEFIT LEVELS**

Annual indexed earnings	Current law	Senate proposal to limit family benefit		Percent reduction
	Maximum family benefit	Maximum family benefit	Percent reduction	
2,000	2,700	1,800	33	
4,000	4,123	3,400	18	
6,000	5,264	5,083	3	

**COMPARISON OF CURRENT LAW AND THE SENATE PROPOSAL TO LIMIT FAMILY BENEFITS EXAMPLES OF 1981 BENEFIT LEVELS—Continued**

Annual indexed earnings	Current law	Senate proposal to limit family benefit		Percent reduction
	Maximum family benefit	Maximum family benefit	Percent reduction	
8,000	7,005	6,043	14	
10,000	8,746	7,003	20	
12,000	9,619	7,963	17	
16,000	11,324	9,701	14	
20,000	12,374	10,601	14	

The House conferees rejected this amendment because it would have severely reduced benefits primarily for surviving spouses and their children. Benefit reductions would have totaled some \$3.0 billion over the 5 calendar years from 1982 to 1986. No hearings on this major legislative proposal have been held in the House.

**STUDY OF SOCIAL SECURITY ADMINISTRATION EFFICIENCY**

The Senate amendment would require the GAO to undertake a study of the Social Security Administration for the purpose of determining the management efficiency, employee productivity, and technical capacities (including computer hardware and programming) of that agency and the extent of current information on the characteristics of recipients. The Comptroller General would be required to report to Congress, no later than 180 days after the date of enactment, the results of the study and any recommendations for improvements in any of the operations studied.

The House conferees took the position that further studies of this problem would not solve the problem. The Administrative problems of the system are well known to the committee and the Commissioner of Social Security. Hearings have been held on this subject, and the Commissioner is working on a detailed solution to the problem.

The conference agreement does not include this provision.

**SEPARATE ACCOUNTING FOR SOCIAL SECURITY TRUST FUNDS**

The Senate amendment would require the President in his annual budget message and midsession review to show the revenues, outlays and surplus or deficit estimates for each of the three trust funds and describe the economic assumptions upon which the estimates are based.

The conference agreement did not include this provision because the information is already provided annually to the Congress and the Office of the Actuary of the Social Security Administration releases more detailed information to the committees upon request.

**SOCIAL SECURITY CARDS**

The Senate amendment contained a provision which would have required that new and replacement social security cards issued more than 190 days after enactment be made of banknote paper and (to the maximum extent

practicable) be a card that cannot be counterfeited.

The conference agreement does not include the Senate amendment. The statement accompanying the report, however, does call for the Secretary of HHS to study the costs and benefits to the trust funds of such a proposal, the costs and benefits to other government programs, and the impact of such a proposal on the privacy of individuals. At this time, however, it did not appear to the House conferees that any substantial benefit would accrue to the social security program from such a card since the Social Security Administration does not itself use the card for any purpose other than notifying applicants of their social security number.

#### FUTURE LEGISLATIVE CHANGES IN THE SOCIAL SECURITY ACT

Under present law, Congress has the authority to alter tax and spending provisions. The Senate amendment included a sense of Congress resolution that any future legislative changes in the Social Security Act will not reduce the current dollar amount of monthly OASDI benefits.

The House conferees rejected this because current Congresses cannot legally bind the actions of future Congresses.

#### HIGHWAY TRUST FUND AND HIGHWAY EXCISE TAXES

Under present law, the highway trust fund and its related excise taxes are in place until October 1, 1984. Under the Senate amendment, the highway excise taxes would be extended at present rates for 5 years, until October 1, 1989, and deposits of tax revenues to the highway trust fund would be continued for 6 years to October 1, 1990.

Because the highway trust fund and its taxes are presently in place until October 1, 1984, the House conferees took the position that there was no need to act on these matters now before either the Senate Finance Committee or the Committee on Ways and Means have had hearings on this proposal. In addition, major studies on highway cost allocation and on the present excise tax structure are due early next year from the Departments of Transportation and Treasury (in January 1982 and April 1982, respectively). These studies will allow both committees to better assess the present tax structure for funding highway programs. Also, it is hoped that the House and Senate Public Works Committees will have agreed on a multi-year highway spending program in 1982 so that the tax-writing committees will be in a position to better assess the financial needs of the trust fund when considering an extension of the Fund and its taxes.

Mr. Speaker, we have a good compromise. I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore (Mr. KAZEN). The gentleman from Illinois (Mr. ROSTENKOWSKI) has consumed 5 minutes.

The Chair now recognizes the gentleman from Texas, Mr. ARCHER.

Mr. ARCHER. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. CONABLE) the ranking Republican on the Ways and Means Committee.

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, I have a frustrating sense of *deja vu*. It seems that I have stood here before—many, many times—taking virtually the same stance on social security.

We have just completed a conference report that does too little. It solves a problem with respect to the minimum benefit which Congress wanted to solve. But it solves no other social security problem of consequence.

Nevertheless, I have signed the conference report and ask my colleagues to approve it today. I do so because this is the only way the minimum benefit problem can be resolved and because other provisions of the report will force this Congress at least to confront the many larger social security issues within a reasonable time frame, rather than postponing it indefinitely.

The old-age and survivors insurance (OASI) trust fund, which pays benefits to some 30 million persons, is expected to run short of money to make those payments sometime late next year. The actual date being uncertain as long as the economy is in transition. The conference report would permit the OASI fund to borrow from the disability insurance trust fund or the Hospital Insurance Trust Fund through next year only. Those two items in combination mean that there is likely to be a lame duck session of the 97th Congress and that the truly tough social security issues may be dealt with then.

That is not a bad idea. It may be the only way to reach an acceptable bipartisan accord on these complex matters. I would rather see us proceed now toward such accord, but the realities of life force me to concede that the conferees probably made the base of an inherently bad situation. Therefore, Mr. Speaker, I am endorsing once again a less than ideal expedient with the hope that this body will take more responsible action within the next year. Perhaps we will have a commission report to act on by the time it comes up again.

Responsible action means, of course, making the decisions necessary to strengthen the system as much as possible over the long-term as well as the short, and structurally as well as financially.

In the past, when responsible action has been requested, sufficient support has not developed. For the majority, it has always seemed easier, and perhaps

safer, to vote for doing as little as possible—just enough to prevent the system from sinking—as we are indeed about to do today.

How long we can keep this up, I do not know. By continuing to slap patches on the leaking but still ballooning trust funds, we not only are postponing inevitable decisions on long-range financing. We also are putting off badly needed system improvements, not the least of which are numerous corrections of inequities and anomalies.

To cite some outstanding examples of these unresolved issues, there is the treatment of women, and especially working women, under the system; there are very wide gaps in coverage; there are demographic disparities, which are becoming larger; and there is a whole range of problems in the disability insurance program.

When the social security system was established, our society was centered on the traditional family—a husband, wife, and one or more children. Families were more easily definable, fewer women were in the labor force, and men were generally viewed as the breadwinners.

The social security system was designed in light of the realities of that era. Wives were deemed dependent upon their husbands and did not have to prove that dependency in order to get spouses' benefits. Men, on the other hand, had to prove that they were dependent in order to receive similar benefits.

Working wives, in many cases, were not—and have not—been adequately compensated, as they see it, for their contributions as workers. If benefits based on their earning were low, and they were paid higher amounts based on their husbands' records, they could—and still can—charge with justification that they did not receive full, tangible recognition of their own contributions to the system. In many cases they get no return at all for their own contributions to the system as though they had themselves never worked in covered employment.

These are just a few of the reasons why the Congress should at least try to make corrections, where feasible, in the social security treatment of women. This will never happen until, and unless, social security is addressed in a broader way than this conference report permits.

Ms. OAKAR. Mr. Speaker, will the gentleman yield on that point?

Mr. CONABLE. I yield to the gentleman from Maryland very briefly.

Ms. OAKAR. Mr. Speaker, I want to commend the gentleman for his comments about the inequities toward women and his understanding of them. It is very well said.

Mr. CONABLE. I thank the gentleman.

Mr. Speaker, ideally, a nation's basic social insurance system should protect all the nation's workers. We are far

from that ideal in the United States— inconsistencies abound.

Why, for example, should the people who make the laws governing social security, and the people who administer those laws, be exempt from social security coverage? More and more of our fellow citizens are asking: If social security is good enough for us—all 117 million of us—why is it not good enough for you 2.5 million who happen to be civilian employees of the Federal Government? I do not have a good answer for that, and I have not heard a good answer from anyone else, either.

Anyone who has thought carefully and seriously about this gap in coverage realizes it is possible for Federal civilian workers to be better off under social security protection, which is much broader than that provided under the various Federal retirement plans. I believe that these plans can be coordinated with social security in such a way that the rights of affected workers would be protected fully and that their financial positions would be improved substantially.

This major coverage gap presents particularly tough problems which should at the least be confronted. They clearly will not go away.

The demographic problems associated with social security are equally real and inescapable. They also will not go away. People are living much longer now than they were when the system was started, and a major breakthrough in finding a cure for any leading disease will stretch those longevity tables even more. We know with a reasonable degree of certainty that there are about three workers for every social security beneficiary now and that the ratio will drop to 2 to 1 at the beginning of the next century, which is only 20 years away.

With that knowledge, we should—at the very minimum—consider taking steps now, legislatively, to adjust the system to those demographic changes so visible in the future.

People need time to adjust their retirement plans, their savings patterns, and their ways of living. They need as much time as possible.

To know that such adjustments are inevitable, and to deliberately refuse to give adequate advance notice, is unconscionable as far as I am concerned. We do not have to make decisions for a future generation. But we should make those decisions easier. We could do so by scheduling system adjustments, on which a consensus can be reached, attaching in each case a "sunset" provision so that later Congresses would have to act to affirm the earlier decision. This would not lock in any changes, but would cause people to adjust their thinking and planning in anticipation of the possibility of change.

There are other, possibly better, ways of dealing with demographic problems. I am not a strident advocate of any particular way, but I believe

the important thing is to deal with the problems, not to pretend they are not there.

As for the disability insurance program, the list of improvements that need to be made is very long. Most of these changes would cost very little, if anything; are relatively noncontroversial, and have been approved tentatively by the Subcommittee on Social Security. Taken as a whole, they would help beneficiaries, make claims handling more efficient, and save money over the long run.

But none of these improvements can be effected unless we produce more comprehensive, responsible legislation.

We can achieve that objective if the leadership of this House will permit those Members who know social security the best, because they work with the subject so closely, to develop and bring to the floor a comprehensive, responsible piece of legislation.

This can be done only on a bipartisan basis. I do not believe an enactable package can be put together if it bears a Democrat or Republican label. But there are enough Members of good will—and reasonably like mind—starting with the Subcommittee on Social Security, which is so well led, to reach a workable bipartisan—or nonpartisan—consensus.

We will, by approving this conference report today, be buying ourselves a little more time to reach that consensus. We will not be evading our ultimate responsibility.

One of the worst mistakes we legislators can make is to assume that the inevitable is always postponable. Collectively, we have made that assumption on social security with regularity. We have been running against mathematical odds, and we are losing the race. That is truly tragic, because the stakes, in terms of both people and dollars, are enormously high.

Eventually, if we stay on this course, we will simply run out of baling wire and the whole system will fall down on our heads. It will collapse either because we actually do nothing, and benefits cannot be paid, or because we let the Treasury start borrowing enough money every year to maintain the benefit pipeline. Either way, the social security system will collapse, and I cannot emphasize that point too strongly. Obviously, when benefits stop the game is over, and using general revenues—which really means Treasury borrowing—will destroy whatever insurance character the basic system has and turn it into another set of welfare programs virtually overnight. That is not conjecture, that is economic fact.

In this light, Mr. Speaker, we should begin to reconcile ourselves to the prospect, however unpleasant, of a lameduck session a year from now, and to a confrontation, at last, on social security.

Meanwhile, I think we really have no reasonable choice other than adoption of this report.

□ 1045

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. VENTO).

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, it is with sadness that I have concluded that I must vote against the conference report on H.R. 4331, the Bolling bill, which was intended to fully restore the social security minimum benefit for all current and future beneficiaries. Unfortunately, the conference report signed by the House conferees kills—not restores—the minimum benefit for thousands of future beneficiaries.

There is, of course, a bittersweet victory contained in the conference report. It does restore the minimum benefit for 3 million current recipients and for another 14,000 eligible before January 1, 1982. I do not underestimate the importance of this victory for the House. But, frankly, I strongly believe that the victory could have protected other senior citizens, too, if only the House conferees had not almost immediately abandoned the House position to the tender mercies of the Reagan administration's budget cuts and the Republican Senate. The first offer the House conferees made to the Senate pulled the rug out from under future minimum benefit recipients.

The 404 House Members who voted for the Bolling bill deserve a better conference report than that before the House today. More importantly, the 84,000 senior citizens—who, under the Bolling bill, would have received the minimum benefit in 1982—deserve a better conference report than that before the House today. The hundreds of thousands of senior citizens—who, under the Bolling bill, would have received the minimum benefit in later years—deserve a better conference report than that before the House today. Finally, the millions of Americans—whose confidence in one day receiving their own social security benefits has been shaken by this arbitrary attack on those about to receive the minimum benefit—deserve a better conference report than that before the House today.

Sometimes it's the pain from the most recent injury that dominates our thoughts. But we must not allow this to obscure the history of how Democratic House conferees came to the position of joining their Republican colleagues and a Republican Senate and a Republican President in cutting social security benefits for senior citizens about to retire—some of those retirements scheduled for only 16 days from now.

Shortly before his election, President Reagan said:

Any reform of the Social Security system must have one overriding goal: that the benefits of those now receiving—or looking



forward to receiving—Social Security must be protected, and that payments must keep pace with the cost of living.

A few short weeks after his administration took office, President Reagan took the first step in stripping Americans of those social security benefits he said were sacrosanct. From the beginning, his budget recommendations targeted the social security program for cuts. Specifically, the President called for elimination of the social security benefit that goes to millions of our Nation's poorest people, and elimination of social security student benefits.

This spring, the administration proposed even more severe slashes in social security benefits, and Richard Schweiker, Secretary of Health and Human Services, appeared before the Aging Committee to defend the administration's hard-line position.

The Republican Senate agreed to these social security cuts and with the narrow adoption of the Republican budget reconciliation substitute, Gramm-Latta II, so did a bare majority of the House. In frustration at this abandonment of millions of senior citizens, over 170 House Members from both parties joined in cosponsoring a resolution (H. Res. 197) to defer consideration of the reconciliation bill until after the Senate had agreed to restore fully the minimum benefit for all current and future recipients.

After public opinion began to mount against the administration's posturing on social security, the President issued a carefully worded statement intended to calm the fears of the Nation.

I will not stand by and see those of you who are dependent on Social Security deprived of your benefits—

Reagan said in a nationally televised speech—

I make that pledge to you as your President. You have no reason to be frightened. You will continue to receive your checks in the full amount due you.

At the same time the President was going before the American people to reiterate his commitment to defend and preserve our social security system, his top aides were pushing for passage of the budget cuts his administration proposed—including elimination of the minimum social security benefit as part of the Omnibus Budget Reconciliation Act (H.R. 3982, Public Law 97-35).

Although some of us were unsuccessful in our effort to stop House floor consideration of the budget cuts bill until after the Senate had restored the minimum benefit, our efforts focused public attention and, through the help of the Rules Committee and its distinguished chairman (Mr. BOLLING), produced H.R. 4331, a bill fully restoring the minimum benefit for all current and future beneficiaries. The House approved that bill 404 to 20.

H.R. 4331 languished in the Senate until mid-October at which time the Senate amended the bill to: Kill the minimum benefit for all future recipi-

ents; place a means test on certain current minimum benefit recipients including teachers and others who receive public pensions of more than \$300 a month; and lower the family maximum benefit—the amount of monthly benefits which can be paid on the earnings of one worker.

Given the enormous publicity campaign by the White House and the Senate to distort their real actions in killing the minimum benefit, the House can take credit for getting back a conference report that does provide the social security minimum benefit for beneficiaries who are eligible before January 1. Given the strong resistance of the Senate conferees to full restoration for all beneficiaries, the House should take credit for getting the measure of victory that it did.

I must stress, however, my strong belief that eliminating the social security minimum benefit for all those who qualify after January 1 is a betrayal of the Congress responsibility to maintain confidence in the social security system.

What is sacred about January 1, 1982, the day the conference report closes the door on the minimum benefit? Because it is frozen at \$122 a month, the minimum benefit will die a natural death with the passage of time. Why should 7,000 people whose birthdays fall next month lose their minimum benefit when those born a month earlier receive it?

As Speaker O'NEILL said last July:

The Administration has sent a clear message: If it can cut off one group from social security, it can cut off another group. One day it attacks the minimum benefit. The next day, it attacks those retiring at 62. The principle is the same. If it can cut the checks of one group, it can cut the checks for another. I disagree with this Administration. The House of Representatives disagrees with the Administration. We don't agree that the best way to save Social Security is to hurt those who depend on it. We don't agree that the best way to build support for the system is to tear it down."

In all candor, I believe that the House this summer, and its conferees this fall, could have avoided this elimination of the minimum benefit.

I am voting against the conference report because it is an unacceptable compromise of the House position. On July 30, the House expressed its overwhelming support for the minimum benefit by a vote of 404 to 20. We went on record against cuts in social security for our poorest senior citizens, those who are most in need. Although the conference report before us gives the House 85 percent of what it wanted—I don't think it is good enough and I plan to vote against it.

If we pass this bill we will be denying 7,000 people a month—84,400 people a year—of benefits which they have every legitimate right to expect to receive. I think it is wrong to deny benefits to persons close to retirement age and I think the American people support my view. A recent Harris poll on social security found that 85 per-

cent of those people surveyed opposed cuts in future social security benefits.

This conference report does make some exceptions in future minimum benefit eligibility. It stipulates that those involved in religious orders such as nuns or priests who take a vow of poverty will remain eligible for the minimum benefit. This raises a very important question: Does one who is poor by choice deserve better treatment than one who is poor by accident? Is a nun or priest more entitled to the minimum benefit than a woman who has worked scrubbing floors for low wages? I say, let us continue to honor the eligibility of both.

Mr. Speaker, I also want to address the cost of restoring the minimum benefit for the over 400,000 retirees who would become eligible for the minimum benefit in the next 5 years. The savings estimate for eliminating future minimum benefits is \$685 million. But this does not include the added social security administrative costs and the offsetting increases in SSI, medicaid, and State welfare costs. According to testimony we heard in the Aging Committee hearings on the minimum benefit, it actually costs more to eliminate the minimum benefit than to maintain it.

It is also important to emphasize that the cuts contained in this conference report will not solve the problem of social security's inflation-tattered, recession-ridden wage base. Rather, let it be clear that social security is not the cause of the projected \$150 billion deficit we now face in fiscal year 1982. As a matter of fact, social security has stood on its own two feet financially for the past 45 years and is capable of doing so in the future. Social security is as sound as the administration and Congress want to make it. This is its greatest strength and, as this Congress and this President have demonstrated this year, its greatest weakness.

The conference report before us also forces the payment of the social security tax on sick pay. Clearly this will deter some employees and employers from providing sick pay coverage. As the cost of adequate compensation increases, the inevitable result will be to reduce sick pay coverage. Ironically, without sick pay for workers, what happens is that costs increase for social security disability benefit, workers compensation, and public assistance. Is increasing these costs prudent? It may save money in the funny figures of OMB, but what about the long-range implications? I suggest that the sick-pay change is another bogus savings.

I note that most arguments in favor of imposing the social security tax on sick pay refer repeatedly to the fact that most large corporations already pay the tax on sick pay and, therefore, Congress should force all small businesses to do the same. Apparently this fits in with our new national policies of merger approvals and tax cuts for

the big corporations while small businesses are forced to take the heat from inflation and high interest rates. Has anyone considered the impact of the sick-pay change on our labor-intensive, credit-sensitive small businesses? Or will these businesses continue to be an afterthought or, more importantly, merely a bankruptcy statistic?

It was not any suprise that the conference committee wanted to avoid sending out the mandated notices in early December. These notices would have gone to current minimum recipients—3 million people—informing them of the potential loss of benefits under the Republican reconciliation bill. We can be sure that these older families would have reacted to the notices, and their reaction would certainly have prompted a reversal. More importantly, those notices would have exposed the actions of the Congress and the administration in a most dramatic way.

It almost seems that the House and Senate were involved in a legislative game to see who would blink first, and the House blinked almost before the gavel fell to open the first conference committee meeting.

Why are we so weak in spirit when we support social security, the most successful of programs that this Congress has ever written, a program that continues to enjoy overwhelming public support. When we chip away at social security, as this conference report before us today does, we destroy much more than the benefits for a few hundred thousand workers.

Indeed we call into question the social compact between workers and the retired that has persisted for the past 50 years and we destroy the credibility of this Congress. If we cannot stand up and fight for social security, are there any programs or commitments that people of this Nation can count on?

Mr. ARCHER. Mr. Speaker, I yield 5 minutes to a respected member of the subcommittee, the gentleman from Ohio (Mr. GRADISON).

Mr. GRADISON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, most Americans are apprehensive about their social security system, and approval of this conference report today is not likely to make them feel more secure.

Nevertheless, I have signed the report and urge my colleagues to join me in voting for it. Frankly, I think the conferees' decision made the best of a bad situation and leaves us with no viable alternative.

If we do not approve the report the administration will have to move ahead with plans to stop paying the minimum benefit to those now receiving it, thus doing what the Congress and the President have agreed not to do. If we do approve the report, the minimum problem will be solved, and the stage will be set for a lameduck session of this Congress, when basic social security issues can, we hope, be

settled in a bipartisan way. Not until then can the American people feel comfortable about their social security system's future.

Virtually every public opinion poll that has been conducted on the subject in recent years shows that a majority of our fellow citizens are uncertain now about the future of social security. They express doubt that the system will survive and are fearful that the trust funds may run out of money before they become eligible for benefits. This is particularly true of younger contributors to the system. For example, in a survey conducted by Lou Harris for the National Council on the Aging, 68 percent of persons age 18 to 54 expressed "hardly any confidence" that social security would be able to pay them benefits when they retired.

In another survey conducted for the recent National Commission on Social Security, 61 percent of the working population that was interviewed expressed little or no confidence that enough money will be available to pay their retirement benefits. Three-fourths of those interviewed were between ages 25 and 44.

That same survey, which was based on in-depth interviews, showed that most Americans also hope that events will prove them wrong, because they want social security to survive. They are worried about its future, but they wish very much to have it continue. They are even willing, according to this poll, to increase their contributions if necessary to keep the system going. They would prefer not to do so, of course, but they would rather pay more in FICA taxes than see the system collapse.

In an earlier study by Lou Harris, three-fourths of those interviewed said they wanted social security to operate more as it originally was enacted; that is, essentially as a retirement program, with basic benefits to be supplemented from other retirement income sources.

Polls and surveys tell me, Mr. Speaker, that a majority of Americans want their social security system to be placed on a sound financial basis as far into the future as possible. They want its insurance character not only to be retained, but to be strengthened. They clearly do not like the idea of social security benefits being based on need. They prefer the earned-right concept.

With these samplings of public opinion as background, Mr. Speaker, I simply do not see how this House can fall to pass the conference report on H.R. 4331 and then act responsibly on larger social security issues in 1982.

The Subcommittee on Social Security already has made long strides in that direction, and only a few more steps need be taken. Admittedly, they are the issues most difficult to resolve, but they can be negotiated if the leadership here will give us a "green light."

Virtually every member of our subcommittee has well-thought-out views

on strengthening social security. I have developed a comprehensive plan in which I have great faith, and I would be delighted if my colleagues would support that plan in its entirety.

But I know that accommodation, and "give and take" are essential to the future of the social security system. And I am confident that other members of the subcommittee feel the same way.

Therefore, Mr. Speaker, I urge my colleagues to vote for this conference report. It will help us buy time, time we must use to produce a responsible and acceptable alternative to repair our financially ailing social security system.

Our fellow citizens will be watching us carefully, Mr. Speaker. They will be able to detect the difference between a vote to strengthen social security and a vote to keep it weak.

Mr. COLEMAN. Mr. Speaker, will the gentleman yield?

Mr. GRADISON. I yield to the gentleman from Missouri.

(Mr. COLEMAN asked and was given permission to revise and extend his remarks.)

Mr. COLEMAN. Mr. Speaker, I rise today in strong support of the conference report on H.R. 4331. Restoring the minimum social security benefit to all who now receive it, or who will qualify for it this year, is the surest, most concrete way to back up the assurances we have all been making to our senior citizens. Congress and this Nation must stand behind past promises made to now retired Americans when they paid into the social security system during their working years. They deserve no less from us.

Mr. Speaker, let us also remember that the difficult long-term financing questions, as well as the system's short-term difficulties, still remain before us. These are questions we must face up to in a serious and thoughtful manner. We have to make sure that today's workers will receive fair and decent social security benefits when they retire, and that the promises we are making through the benefit structure are ones we can reasonably expect to fulfill.

The interfund borrowing allowed by this legislation, while it does not solve any problems, does nevertheless give us time to address these issues. I am hopeful we can use this opportunity to conduct the informed national dialog that is needed, without causing needless trauma to the 36 million Americans who now receive monthly social security checks or those who are nearing retirement age. It is utterly unacceptable to leave these people in perpetual terror that the rug will be pulled out from under them. Let us now work together toward a genuine, permanent solution to social security's financing problems, both immediate and long-term, so that once and for all, we can lay these fears to rest.



I urge my colleagues to join with me in supporting the conference report.

□ 1100

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 6 minutes to the gentleman from Texas (Mr. PICKLE), the chairman of the Subcommittee on Social Security, who has done an outstanding job in this area.

Mr. PICKLE. Mr. Speaker, to the Members of the House and to those 3 million elderly citizens of our land who now will have their minimum benefits restored, Merry Christmas. The House has at last and finally, by the enactment of this conference report, put to rest the question of the minimum benefit. To that I say "hallelujah, praise the Lord, and Amen."

We have come at this thing the hard way. I take satisfaction in knowing that we have restored the minimum benefit for our elderly citizens, most of whom are quite elderly and most of whom are female. That is the compassionate and the right thing to do.

I also take the satisfaction in knowing that this part of the conference committee report is in effect the same position taken unanimously on a bipartisan basis by our subcommittee in May. It was not an easy decision then and it is not an easy decision now to make any kind of changes. But I think we can come to the floor today and say to all Americans who have been receiving this benefit, "You will receive it permanently from now on." That is the kind and proper thing to do.

So that is the first thing this conference report does. It restores the minimum benefit for 3 million people, and we must not lose sight of the fact that that is the principal thing it does.

Another important thing that it does is it establishes for the first time the principle of interfund borrowing. That is not an approach I like to advance, although I recommended it as part of my bill at the first of the year in order that it would be part of the overall package. Nevertheless, for the first time in the history of the social security program we have established the right of interfund borrowing, but wisely we have limited it to 1 year. We have said that after December 31, 1982, we cannot rely on using the interfund borrowing process any further, and within a few months of that time, if not in 1982, we must then face the critical issues of making some permanent solution to the social security program.

That is our challenge and our responsibility, and really it is one of the greatest challenges of any Congress. This was made evident to us when the new medicare numbers came out, involving a mere 3-percent change in medicare outlays for 1 year. It will be made evident again and again as the budget comes out in January, the social security trustees report comes out in early summer, the midsession review arrives, and as press reports appear throughout the year on meet-

ings of the Statutory Advisory Council and/or the President's task force.

All the estimates show the trust funds, even with interfund borrowing, going steadily downward. All three funds together can make it as far as 1986 or 1987 if we look through rose-colored glasses and what we see actually comes true in every single year, in every single detail. But all three funds could also go under as early as late 1983.

Our chances of hitting any projections that have been made are nil. We may be above or below, but we will not be on the mark. As late as 1979 we were projecting 7.4 percent CPI and 0.6 percent real wage growth for last year. Last year we had 13.5 percent, not 7.4 percent, CPI, and we had minus 5 percent, not plus 0.6 percent, real wage growth. The problem which the new medicare numbers showed us is while we are using projections which we know will not be exactly on the mark, we have no room for error.

Putting aside projections, we do know that actually to go broke in 1984 we need only have minus 1-percent real wage growth—which we now have. Or we need have 12-percent inflation, and inflation the last 4 months has averaged 11.1 percent. Or we need medicare expenditures rising at 23 percent, and for 1980 they did rise at 21.4 percent. Or we can have any combination of these at lower numbers. And now we must factor in higher levels of unemployment, which will sharply lower revenues into the funds.

My friends, if we cannot take our warning from those simple facts, then we just are not looking after the social security program. We came close recently in the committee to taking steps to address the long-term problem in social security, and I am encouraged that this Congress will address this problem. I recognize that the process of solving the real problems in social security has been delayed. I would hope, however, that we will use the short respite here to continue working on fuller solutions to the problems facing the social security program.

In one national poll taken in September, 82 percent said they felt it necessary for Congress to revise the financing of social security in the next year or so; and 77 percent said they felt it necessary for Congress to revise the benefits in the next year or so.

I will continue to propose that we break out of this fearful standoff and recognize that it is the social security program itself—not any of us—that the people really care about. We must do right by that program. We must make it sound, and that is what I will continue to try to do, as I know will my colleagues on both sides of the aisle.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I will yield later, I say to the gentleman from California.

Mr. Speaker, I commend the chairman of our committee, the gentleman

from Illinois (Mr. ROSTENKOWSKI), and I commend the ranking Republican member, the gentleman from New York (Mr. CONABLE), for their cooperation in this conference and for helping to give us the best conference report that I think we could have. I hope that every Member will vote for this conference report.

Mr. Speaker, I now yield to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman's yielding.

Do I understand, then, that the passage of this bill or this conference report will not solve the long-range problem of financing the social security system?

Mr. PICKLE. No; it will not. That is correct. We will have to meet that problem head on at a later date.

Mr. ROUSSELOT. This Congress has to come back sometime darned soon and reform the system?

Mr. PICKLE. We intend by this conference report to say to the Congress that by the end of 1982 or in early 1983 some meaningful reforms in the social security system must be made. That is the challenge that we face.

I think it is important to note that in this conference we did not accede to the Senate's request that we pay for the restoration of the minimum benefit with a sharp reduction in family benefits. The Senate had proposed that as one means of raising funds. We objected to it and fought it down, and that is not included in this bill. That is a good victory for all of us.

There will be some who might object to the inclusion of interfund borrowing in any form in this bill, and in a sense they are correct, because we should look at the financing picture as a whole and not piecemeal.

There may be others who will object to the short timeframe on the interfund borrowing as it is contained in the bill, and they are correct that we are forcing the hand of the Congress to do something about this soon. There are others who might object to the inclusion of the tax on the first 6 months of sick pay, and they are correct, because our primary purpose here is not to get into other issues but to correct the minimum.

I would hope that in our fears, discomforts, and disagreements we will not lose sight of the primary purpose of this conference report. This bill does correct the earlier action on the minimum benefit. This bill also allows the retirement fund to borrow money from the other social security funds next year, because we all know that by the end of 1982 the retirement fund will be so low in reserves that we will not be able to pay full benefits.

We have no alternatives. I say at this juncture that the interfund borrowing, as much as I do not like it, serves a single purpose of allowing us to continue payments while we work on more lasting solutions.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. PICKLE) has expired.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 additional minute to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, the principal objection that some of the Members have to this conference report is that this does away with the minimum benefits for future recipients, and that is correct. There are only from 5,000 to 7,000 a month who will be eligible for this minimum benefit in the future. Three million people will have it restored by this action.

We ought to keep in mind the fact that most people in the future will get through normal wages higher benefits than they would under the minimum benefit. In fact someone who had worked under social security only at a minimum wage level for 13 years and retired this year at age 65 would get \$278 per month, far higher than the minimum benefit. Even if he retired at age 62 he would get \$225 a month, still well above the minimum level. A person earning \$7,000 a year or so in 1980 would get more than the minimum benefit. So we are not really being that harsh or unfair to future recipients.

It is also important to realize that the new beneficiaries in the future will be recipients who are part-time or intermittent workers—the double-dippers or the Government employees who have only minimal coverage under social security.

Forty percent of future minimum beneficiaries will be dually entitled—that is to say they are spouses or other individuals whose primary social security benefit will come from the main worker in the family. When their minimum benefit level goes down they will suffer no loss of income at all because their spouse benefit will go up.

We should also keep in mind that we do have the special minimum benefit bracket which goes to at least 400 new people a month. They are the long-range, low-wage earners. So we are really not being that unfair when we look at the figures and see that anybody who is only earning \$7,000 a year or who will still get a benefit higher than in the minimum. Finally we should keep in mind that the numbers eligible for the minimum will decrease in the future as that benefit plays less and less of a role in the social security program.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. PICKLE) has again expired.

Mr. ARCHER. Mr. Speaker, if the gentleman wishes further time, I yield 1 additional minute to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I can understand the concern of some who would like to have had a better conference. We would like to go to the conference on 10 issues and win them all. The House

won 8 out of 10 issues, and that is a pretty good percentage.

The main thing is that we did restore the minimum benefit for all those who are receiving it. In the future the only people affected will in almost all cases be those who are intermittent workers.

We should keep in mind that 98 percent of the minimum benefit people are being taken care of in this bill. We could only argue that less than 2 percent in the future will feel that their benefits might be cut. We would not want to cut anybody, but we have got to look at the overall problem.

So again, Mr. Speaker, I recommend the conference report, and I commend the members of the subcommittee for the work which was done earlier, because I think now we must look to the future. We must resolve to ourselves that on a bipartisan basis we will try to find an answer to the social security problem. There is no more important domestic issue facing the American people today than our social security problem.

Mr. Speaker, this is a temporary stopgap, but it is an important step to take, and we must take it. I hope we take the step unanimously.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. BLILEY).

(Mr. BLILEY asked and was given permission to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, I rise in support of the conference report on H.R. 4331. The final agreement reached is an indication of the kind of unity we need to secure a long-term solution to the social security funding crisis. On the whole, the agreement symbolizes a desire by this Congress to tackle the serious problem we are faced with, in a sound bipartisan manner.

I would like to commend my colleagues who served on the conference for their efforts toward a sound bipartisan solution to the funding crisis. We have a long road ahead of us in achieving our ultimate goal of establishing social security upon a stable financial base. The agreement before us today is the first step toward achieving that goal.

I am convinced that by working together we can find a sound bipartisan solution to the social security problem, together we can make social security better meet the needs of the elderly and disabled—those for whom social security was originally designed.

Therefore, I urge my colleagues to join me in agreeing to the conference report on H.R. 4331, restoration of social security minimum benefits.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. YOUNG).

(Mr. YOUNG of Florida asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Florida. Mr. Speaker, I rise in support of the conference report.

Mr. Speaker, with the approval of the legislation before us to reinstate the minimum social security benefit, we can end 1981 with an encouraging signal to the many older Americans who were needlessly frightened throughout the year by reports that we would reduce their benefits.

Our action today will reaffirm the fact that we will not allow the benefits of those social security recipients currently on the rolls to be reduced. Such a reduction would be unjust and unfair and would be a breach of our commitment to the retired workers of America, who have budgeted very carefully for their retirement.

It is also my hope that we learn a lesson from our action today. I hope we learn once and for all that we cannot approach social security legislation bit by bit, as we have done in first eliminating and then restoring the minimum benefit. As I stressed in July, when we first voted to reinstate the minimum benefit, we must approach social security legislation in a responsible and businesslike fashion.

The legislation we consider today was approached neither responsibly nor businesslike. This body voted to reinstate the minimum benefit in July, and the Senate concurred, in principal, less than expeditiously in October. Two months later, we finally have received the conference report.

Throughout this period, the 3 million older Americans who rely on the minimum benefit have been forced to wait in limbo, not knowing if they would continue to receive their benefits. Today we can brighten this holiday season for them, and for all of the Nation's 36 million social security recipients, by showing that we do understand their needs and that we will take no action that would in any way result in financial hardship. This reassurance is the least we can do for these retired workers, who through years of labor, have made our Nation what it is today.

Mr. ARCHER. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT), another respected member of the subcommittee.

Mr. ROUSSELOT. Mr. Speaker, I rise in opposition to H.R. 4331 as it was passed out of conference because it is nothing more than a big legislative copout. There is absolutely no reason that this Congress cannot address the real problems facing the social security system and enact comprehensive legislation to restore the financial soundness of this program which serves one out of every seven Americans.

The fact is that social security's financial problems are not new. These problems will not go away. The program has been operating in the red for the past 6 years. Although we have been aware of this, Congress has not

acted to restore the financial integrity of the system. H.R. 4331, as it has come to us from conference, falls far short of addressing the basic problems facing social security.

First, with passage of H.R. 4331 the social security system will continue to accumulate deficits. Presently, the system is losing \$12,300 every single minute of every day. H.R. 4331 does not address this fact at all. I would like to ask my colleagues how many of them would invest in a system that is losing \$12,300 every single minute of every day. I do not think any Member would voluntarily participate in a program that is operating with a daily deficit of over \$17 million. Yet that is the very extent of the financial problem which the social security system is presently facing. We are forcing 115 million working Americans to pay taxes into a system that has operated in deficit for 6 years and also faces a deficit as large as \$80 billion over the next 5 years.

Second, H.R. 4331 fails to establish a prudent level of trust fund reserve balances on which the system may rely during unanticipated occurrences.

Throughout the past decade trust fund reserve balances have been drained until today they are at their lowest levels ever (reserves as a percent of outgo). At the beginning of this year, just over 2 months of reserves remained in the system. This greatly contrasts with the 12-year reserve level of 1950 or even with the 1-year reserve level of 1970. Now some may feel that it is not essential to have exactly 1 year's worth of reserves in the system. This point is up to dispute. But one thing is certain, when the system is drained down to a few months of reserves, it becomes vulnerable to unanticipated fluctuations in the economy which may occur.

The point is that in the past, it has been the high trust fund reserve balances which have seen us through unanticipated economic downturns. However, today, with trust fund balances at their lowest level ever, we no longer can depend on that cushion. I question the prudence of our failure to address this problem in H.R. 4331.

A third consideration that is neglected in this measure before us is the system's long-term deficit, over the next 75 years, of \$1.6 trillion—this is almost twice our national debt. Future beneficiaries certainly have much to be concerned about in regard to their benefits. Since we are aware of this deficit, we should responsibly begin consideration of steps which insure that we may allow for a smooth phase-in of any changes that may be necessary. Furthermore, in 50 years, one out of every five Americans will be over 65 years of age. Careful consideration will have to be given in order to meet the concerns and needs of those who will be retiring in the next century.

And finally, H.R. 4331, even viewed as a quick-fix, fails to address the loss

of public confidence in the social security system. This lack of confidence has resulted in a large degree from the periodic financial crises that have occurred.

A New York Times CBS poll showed that 54 percent of the American people no longer believe that the social security system will have the money available to pay them the full benefits they would be entitled to at retirement. For those polled 25 to 34 years of age, 75 percent doubted that social security will provide full benefits for their own retirement.

We must provide for long-term reforms that put the system on firm financial ground. In this way we can assure the 115 million contributors to the system and the present 36 million beneficiaries that they will be able to depend on social security in their time of need as a base of financial support.

And so I believe it comes down to a question of congressional responsibility. Unfortunately, Congress has not acted responsibly in overseeing the social security system. We have not been the protector of the program. Its present financial state is testimony to this. As I have already stated, the program has been operating in the red for 6 years. Although we have been aware of this, Congress has not acted to restore the financial integrity of the system.

Our main objective today should be to insure the continued stability of the social security system. Its problems will not go away by our sweeping them under the rug—and that is exactly what this bill does. All we are doing is buying time; time that the system does not have.

H.R. 4331 is a stopgap measure at best. By not addressing the problems I have mentioned we are shirking our responsibility as elected representatives. We know what the problems are, we have several options from which we may choose—as advanced in the Senate Finance Committee and the House Ways and Means Social Security Subcommittee. All that is lacking is our congressional action. It was the Congress which originally enacted social security and it is the Congress which must continue to protect it as a viable, financially sound social insurance system.

I must warn my colleagues that evasive and dilatory action cannot persist without severe consequence to millions of beneficiaries who depend upon their earned social security benefits. We can be certain that by delaying our legislative decisions they will not become any easier. And so I must oppose H.R. 4331 on the basis that it is not responsible legislation.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from New York.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding, and I support the remarks of my colleague from California (Mr. ROUSSELOT). I rise in opposition to the conference report on the social security minimum benefit restoration, H.R. 4331.

While I recognize that the conferees faced a difficult uphill battle and did partially restore these important social security benefits, I must express disappointment in their inability to achieve a full restoration of minimum social security benefits and were only able to restore the benefits for those who retire before January 1, 1982.

The House overwhelmingly passed H.R. 4331, expressing its view that we erred in going along with an abrupt termination of these benefits at the time that we passed the Reconciliation Act. I submit that we need more than this bill to keep faith with those older Americans who deserve, and have depended on, social security minimum benefits.

Mr. Speaker, I intend to continue to work with my colleagues on both sides of the aisle who seek responsible long-range solutions to strengthen and stabilize our social security system and who support minimum social security benefits, so that we may eventually restore these benefits, and allow those who have earned their social security benefits to receive their benefits at reasonable levels, in a dignified manner.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman from New York (Mr. GILMAN).

Mr. Speaker, I believe it comes down to the question of congressional responsibility, and I think we have failed that test.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

□ 1115

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. LUNDINE).

(Mr. LUNDINE asked and was given permission to revise and extend his remarks.)

Mr. LUNDINE. Mr. Speaker, I rise in opposition to the conference report on H.R. 4331, a bill to restore minimum benefits under the social security program. The report does not go far enough in implementing the clear intent of the House to continue minimum benefits to all current and future social security beneficiaries.

On several occasions this session, the House has expressed its intent to preserve the minimum social security benefit. In action on this legislation in July, the House voted 404-20 to continue minimum benefits not just for certain groups of retirees, but for all current and future social security recipients.

On each of these occasions, I voted to retain the minimum benefit because

I firmly believe that continuation of this benefit is both necessary and desirable. The minimum benefit offers the pledge that any worker who qualifies for benefits under social security will receive sufficient monthly payments to guarantee a decent retirement. This guarantee has been a basic and long-standing promise of the social security program.

By restoring the minimum benefit only for current beneficiaries, the legislation deprives future retirees of this guarantee. It violates the basic compact between the Federal Government and workers that, in exchange for years of FICA tax contributions, a decent level of support will be provided in retirement. We cannot eliminate this key guarantee without undermining the support and confidence of current workers that is so critical to the future of the social security program.

My vote against the conference report is therefore not an expression of opposition to continuing the minimum benefit, but a call to return this legislation to conference so that a compromise can be obtained that is more in line with the House position on this issue.

I think it unfortunate that several needed provisions have been added to this legislation by the Senate in an attempt to buy House votes to end the minimum benefit. Certainly there is a need for the procedures in the bill to help curb the continued payment of benefits to prison inmates and deceased beneficiaries. Moreover, the provision permitting unqualified borrowing between the three social security trust funds is a change I have long advocated and strongly support.

However, this is clearly not the vehicle to make these changes. The House version of H.R. 4331 provides only for the restoration of minimum benefits for all current and future beneficiaries. The Senate action to add major program changes to the legislation is not only unnecessary, it violates the pledge made by President Reagan in September that no changes in social security benefits would be considered until after a special task force on social security had provided specific recommendations to Congress.

Mr. Speaker, while I think it is imperative that legislation is adopted that restores the social security minimum benefit, the provisions in the conference report before us are unacceptable. I urge my colleagues to defeat the report and send it back to conference for further consideration of the House position on this issue.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. MOTT).  
(Mr. MOTT asked and was given permission to revise and extend his remarks.)

Mr. MOTT. Mr. Speaker, I want to associate myself with and endorse the remarks of the gentleman from Min-

nesota (Mr. VENTO), and ask my colleagues in the House to vote "no" on the conference report. We do not want two groups of senior citizens: One group that is lucky because they were 62 years of age before January 1, 1982, and the other unfortunate group that was 62 years of age after January 1, 1982. The conference committee can do better than this for our poorer senior citizens.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from Missouri (Mr. GEPHARDT).

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, I rise to support this conference report and urge Members to vote for it. I also would like to point out that while this does not solve all of the problems of social security, I think a review of the chronology of the events surrounding this issue give us some sense of why we find it so difficult to deal with this issue.

Here we have a minimum benefit that is about \$122 a month to people who for some reason did not qualify for a higher benefit.

On February 18 the White House released major details about its program for economic recovery and in that they completely cut out the minimum benefit as part of their budget proposal.

In June, on a bipartisan basis, the Subcommittee on Social Security of the Ways and Means Committee knocked out the minimum benefit prospectively but restored it and kept it on a retrospective basis. Everybody on the subcommittee I am aware of voted for that bill.

We then came to the floor in reconciliation. The Rules Committee asked for a rule that would allow a separate vote in Gramm-Latta on that question. That was refused and there was only an up or down vote on Gramm-Latta. In Gramm-Latta, as my colleagues know, the minimum was knocked out completely, retrospectively and prospectively, a position which, to my knowledge, nobody endorsed in the Congress but, indeed, that was the position the Congress voted for by voting for that bill.

Then in September, after a lot of argument back and forth, the President got on television and said we ought to restore the minimum benefit.

Now here we are 2 or 3 months later finally getting that done on the very same basis which we did it in the Committee on Ways and Means 8 or 9 months ago.

If we have this much trouble in the Congress dealing with an issue that is so clear cut as this one, I ask my colleagues how are we going to deal with social security in the overall if we cannot be more honest with one another, if we cannot deal with facts better than that, and if we cannot really sit down and try to deal with

what is here rather than what we want some people to think is here.

While I am on what is here, I think it is important to note what has happened to social security in the last year. All we hear is we are not doing anything with the program. Perhaps we have not done enough. Perhaps we are going to have to do more, and I hope we can, even though I am discouraged by the chronology on this event.

But in the last year we have cut the minimum benefit; we have cut benefits for students. We have cut disability benefits. We have rounded benefits to save money. We have knocked out money for people that are getting workmen's compensation and social security. And we have done something with the earnings test to save money. Over the next 5 years we are going to save \$22.4 billion for the trust funds from what we have done to social security this year.

All we continue to hear about is the charge on one side that we are not doing this and then a charge on the other side that we are not doing that.

I would suggest the only way to deal with social security is to lower the rhetoric, to deal with the facts, to be honest with one another, to say it like it is, and to not continually play legislative and political games with the most important program to the elderly people of the United States and, I would say, to the people of the United States.

Mr. Speaker, I yield back the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in support of the conference report on H.R. 4331, a bill to restore the social security minimum benefit.

Mr. Speaker, for some months now it has become apparent that Congress did not intend to totally eliminate the minimum social security benefit for current recipients. Last July, the House voted to reinstate the minimum benefit for current beneficiaries, and today's conference report is the culmination of several months of difficult negotiations by the social security conferees. I think that, on the whole, they have done a good job and are to be commended for their balanced approach to this difficult issue.

I believe this bill shows compassion for those who are receiving the minimum benefit and for those in great need. At the same time, it recognizes the need for reform within the system. Certainly we still have a long way to go toward a social security reform bill that will restore the fund to a sound financial basis for present and future retirees. This is a step in the right direction.

Mr. Speaker, this bill makes essential corrections by restoring the minimum benefit for current beneficiaries and those who will retire by December 31. In addition, it permits interfund borrowing until the end of 1982, which is at least a temporary, positive in keeping the system solvent.

The bill will also tighten reporting requirements relating to convicted felons who are in prison. In addition, it requires the Secretary to report on what actions are being taken to prevent deceased recipients from continuing to receive benefits. These are all reforms that legitimately and rightfully concern people, and I congratulate the Committee and the conferees for addressing themselves to these issues.

In reviewing this bill in its entirety, we should note several important points: First, it keeps the faith with our elderly minimum benefit recipients by restoring a benefit they had counted on—and received—for many years. At the same time, it limits future beneficiaries to a sum related to the amount they actually put into the system; second, it permits interfund borrowing to help get us through the short-term deficit; third, it is the first step toward financial responsibility because it tightens reporting procedures relating to waste and fraud; and fourth, it presents the beginning of a reform process that will protect the benefits of current and future recipients while, at the same time, returning the social security system to a sound financial basis. This generation and future generations cannot afford to be held hostage by the politicization of this issue; we owe them no less than a social security system that is sound and stable.

Mrs. FENWICK. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I thank my colleague for yielding. I would like to associate myself with her remarks.

Mr. OXLEY. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Ohio (Mr. OXLEY).

(Mr. OXLEY asked and was given permission to revise and extend his remarks.)

Mr. OXLEY. Mr. Speaker, it is well past time to begin addressing the serious problems facing the social security system. So far we have taken no more than a band-aid approach aimed at temporarily patching up the system rather than addressing the severe financial drain facing the three trust funds. Even under optimistic economic assumptions, the old-age and survivors insurance trust fund, the largest of the three, will have depleted its reserves and will be unable to pay timely benefits to over 32 million people by 1983, and perhaps as early as fall of 1982. Financing of the Disability Insurance and Hospital Insurance trust funds will remain sound probably no

later than 1986. We must act now to avert financial disaster for the Social Security System.

I am encouraged by the fact that a task force has been appointed at the President's request to study and develop solutions to the social security problem. However, I fear that these solutions may come too late. We cannot afford to waste more valuable time while the social security system continues to lose \$12,000 a minute. The time to act is now.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Speaker, I warmly commend our committee for what it has accomplished in this conference, against all of the pressure of the administration and the other body. You have made this a happier Christmas for about 3 million of our fellow Americans who anticipated that by the action we had previously taken under the duress of the administration they would not get their minimum social security check after the first of March of next year. The House conferees also rejected the provision in the Senate bill, proposed by the administration, installing a family cap which would have taken \$1.4 billion out of the pockets of social security recipients. So I commend our conferees for what they have achieved. They have fought off efforts on the part of the other body to make many more vicious cuts in the social security program.

But regrettably, and I am sure the regret was no more poignant anywhere than in the minds of those conferees who are so dedicated to the elderly people of this country, it was at the expense of 7,000 people a month after January 1 who will not get the \$122 a month minimum that we have restored to the 3 million elderly people of this country. They are the hostages who had to be given up for the benefit of the others.

This reminds me of a visit by my wife and myself to a English home a few years ago where the only son and daughter had departed to the war and never returned. In the great hall of that home were these words:

You who come here  
go home and say  
we gave our tomorrow  
for your today.

Was it necessary that they give their tomorrow, these 7,000 people a month who were those people who were covered by the social security program, who paid into it for their 25 quarters, or who would have had their entitlement January 1 of next year? But that is a part of the price that we are having to pay for the resolve of those highest in authority in this Government, that the way to approach the social security problem is to cut benefits.

We have proposed means by which this program can be saved and it is easily done. But it seems the adminis-

tration can see no alternative but cut benefits. As the gentleman from Missouri has just said, they have already this year cut benefits equivalent to about \$19 billion over the next five years, even giving them credit for the restoration of the \$6 billion which we restore in this conference report.

These cuts are only the tip of the iceberg. The administration has pending before the Congress recommendations for further cuts that would equal \$37 billion a year for the next 75 years.

When we talk about permanent solutions for social security we have to make up our mind about one single thing. Do we want to solve the problems of social security by cutting benefits or do we not?

The other day Lou Harris released a nationwide survey about social security. He said if there is one fact unequivocally established in the minds of the American people, it is their support of the social security system, not only from the old but from the middle-aged and the young. Overwhelmingly, Americans of all ages support the current level of social security benefits, ever to the extent that they are willing to pay higher taxes for it. What concerns me is what the young people say:

What will I get out there at the time of my entitlement if they are playing, as they are today, with the figures about future social security benefits for those whose rights have not yet been vested?

So we are playing on dangerous grounds here in jeopardizing the future right of people who have paid, according to the law, into social security benefits. Mr. Speaker, as we approach that season of the year when we are accustomed to think of new resolve and good resolutions, I hope it will be the solemn covenant of this House with the American people that we will not tolerate, we will not permit the cutting of social security benefits to the people of this Nation. We would reestablish by the integrity of this House in that commitment faith and confidence in the social security system, the greatest bulwark we have for a better life for the people of this country.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker, I thank my colleague. I am very sorry to hear such a partisan approach to the problem of social security. I would like to associate myself with the remarks of the distinguished gentleman on the other side of the aisle, the gentleman from Missouri (Mr. GEPHARDT). His way is the one which is going to solve the problem and if we do not approach it in that spirit we are not going to get anywhere.

I know the devotion of my distinguished chairman, Mr. PEPPER; his heart and mine are in the same place. We must have a sound social security



system. But we are not going to get it if we approach the solution of the difficulties in a partisan spirit. It is going to require the highest statesmanship and the highest sense of duty and obligation, as was stated by the gentleman from Missouri when he spoke earlier. I would like to associate myself with his remarks.

□ 1130

It is that attitude that is going to bring about a solution of great importance to so many people in this country.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. COUGHLIN).

(Mr. COUGHLIN asked and was given permission to revise and extend his remarks.)

Mr. COUGHLIN. Mr. Speaker, I rise in strong support of the conference report on H.R. 4331, legislation to restore the \$122-a-month minimum social security benefit for 3 million current recipients.

The Omnibus Budget Reconciliation Act, which was signed into law in August, eliminated the minimum benefit for new retirees in December and current recipients next March. Congress had intended by this action to curtail windfall benefits for many individuals who worked only long enough under social security to establish their eligibility for retirement benefits. However, the total elimination of minimum benefits would also have affected those low-wage earners for whom the original provision was established. The House and Senate, therefore, quickly passed H.R. 4331 restoring minimum benefits under the Social Security Act.

The differences between the House and Senate legislation have been resolved so that those who are dependent upon social security will not be deprived of their benefits. Through enactment of H.R. 4331, we will hopefully regain the confidence of our older Americans to whom we have given our commitment that current benefits will not be cut, that the safety net will not be torn apart. Today, we can assure the millions of Americans currently receiving the social security minimum benefit that Congress will not break faith with them.

In addition to restoring the current \$122 minimum social security payment, H.R. 4331 allows interfund borrowing among the three Federal payroll trust funds next year and the taxation of the first 6 months of sick pay, except worker's compensation. The conference report on H.R. 4331 also stipulates that the Department of Health and Human Services set up currently authorized AFDC/medicaid demonstration projects in at least 7 States to provide better health services for poor families.

I am pleased that H.R. 4331 addresses the problem of fraud and abuse within the social security program.

This legislation would establish stiffer penalties for the misuse of social security cards by making such activity a felony and instituting substantial fines. Another provision in H.R. 4331 would require the Department of Health and Human Services to report to Congress within 90 days of enactment of H.R. 4331 the efforts it has undertaken to prevent social security payments to deceased persons. H.R. 4331 would also allow a waiver of certain sections of the Privacy Act to allow States to provide the Social Security Administration with information necessary to prohibit individuals from receiving social security disability and student benefits while in prison.

Addressing the needs of our senior citizens is one of our Nation's highest priorities and we must continue to strive to create a society in which old age is rewarded with respect and dignity rather than loneliness and despair. I believe that confidence in our social security program and confidence in the coming days will be restored for the 3 million current recipients of the minimum payment today by the approval of the conference report on H.R. 4331.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. PARRIS).

(Mr. PARRIS asked and was given permission to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, I am extremely pleased that the House and Senate conferees on the minimum social security benefit legislation decided to restore the minimum benefit for all recipients receiving payments before it was eliminated and for those who will become eligible before January 1, 1982.

A few months ago, a vast majority in the House voted to restore the minimum social security benefit. I joined my colleagues at that time to correct an inequity which would have adversely affected 3 million senior citizens. I was very disturbed to learn that when the Senate considered its minimum benefit legislation, it added language which would have severely penalized Federal retirees. Under the Senate proposal, retired Federal workers would have had their Social Security benefits reduced because they were also receiving Government pensions. They would have been required to have their social security benefits offset, dollar for dollar, when their Government pension exceeded \$300 a month.

This was an unjust proposal which would have unfairly penalized about 350,000 senior citizens who have contributed greatly to their country. I have stated on numerous occasions that these individuals should not be asked to bear the burden of the social security system's financial problems.

I have made several statements on the House floor in opposition to this proposal and I have written all the

conferees on the minimum benefit legislation to urge them to eliminate this unfair provision from the conference report. Federal workers took their jobs and planned their retirements with their social security and Government pension in mind. By changing the rules in the middle of the game, the Federal Government would have been breaking a commitment to provide these earned benefits.

I was pleased to learn that the conferees agreed to restore the minimum benefit for all recipients receiving payments before it was eliminated and for those who would have become eligible under prereconciliation law before January 1, 1982. For those retiring after December 31, 1981, benefits will be paid according to the formula established under reconciliation, which provided that benefits will be based on the actual earnings of beneficiaries and according to recomputation procedures prescribed in regulations issued by the Secretary of Health and Human Services.

To protect the financial integrity of the social security system, the Conferees have allowed the borrowing between the three social security trust funds through December 31, 1982. This will give the Congress and the administration enough time to work on a more permanent remedy to the systems ailing financial condition.

The conferees also took other steps which will help ease the financial burden which social security is currently experiencing. Stiffer penalties have been provided for the misuse of social security cards, including making such activities felonies and establishing a \$5,000 fine for knowingly altering or counterfeiting a social security card, or buying, selling, or possessing a counterfeit card. The conferees have also included language that requires HHS to report to Congress within 90 days of enactment on actions taken to prevent social security payments to deceased persons. The conferees have also taken steps to prevent persons from receiving social security disability and student benefits while in prison.

I believe that the conferees have taken some positive action in reforming the social security system to keep it financially sound without unfairly penalizing any one group of individuals. I commend the conferees on their efforts and I strongly urge my colleagues in the House to vote in support of this conference report.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Puerto Rico (Mr. CORRADA).

(Mr. CORRADA asked and was given permission to revise and extend his remarks.)

Mr. CORRADA. Mr. Speaker, I rise in support of the conference report on H.R. 4331 to restore the minimum benefits under the Social Security Act

which have been eliminated by the Omnibus Reconciliation Act of 1981.

Restoring these monthly payments of \$122 to more than 3 million social security pensioners throughout the Nation, including over 100,000 pensioners in Puerto Rico who are now receiving those payments, is an act of justice and fairness to these elderly people who can barely subsist with \$122 per month and who would have been subjected to great hardship and even penury and misery if such benefits had been cut by more than half in many instances. In the case of Puerto Rico, while our people are subject to the payment of social security taxes in exactly the same manner as Americans residing in the States, the elimination of the minimum benefits would have been aggravated by the fact that the benefits of the supplementary security income (SSI) have not yet been extended to the island, a situation which I hope the Congress will rectify in the near future. I regret that we are not also restoring these benefits to prospective pensioners after January 1, 1982 but at least, by approving this conference report, benefits will be restored to current pensioners and those who may become eligible before January 1, 1982.

I urge my colleagues to support this conference report.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. RANGEL).

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

[Mr. RANGEL addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

(Mr. LAGOMARSINO asked and was given permission to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, I rise in support of the conference report.

[Mr. LAGOMARSINO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. ARCHER. Mr. Speaker, may I inquire as to how much time is left on both sides?

The SPEAKER pro tempore (Mr. WRIGHT). The gentleman from Illinois (Mr. ROSTENKOWSKI) has 16 minutes remaining, and the gentleman from Texas (Mr. ARCHER) has 21 minutes remaining.

Mr. ARCHER. Mr. Speaker, I yield 5 minutes of our time to the chairman of the committee, the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. JACOBS).

Mr. JACOBS. Mr. Speaker, first I want to express my gratitude to the gentlemen of the conference committee who agreed at least—at least—to extend the deadline for the minimum

benefit past Christmas until the first of next year. That gave at least a nod to the House position.

House Members may recall that the House bill restored the minimum benefit—"period." The other body restored the minimum benefit—"except." You might even say that the philosophy underlying that restoration was "give them some day their daily bread under certain conditions"—the condition that they not be Federal employees in the past, the condition that they already have been eligible on November 1, 1981.

The conferees for the House struggled and, in the end, obtained some little recognition of the House's position in that regard.

I want to direct the Members' attention to the so-called Gramm-Latta II legislation in which the minimum benefit was eliminated instantaneously, practically, for the people to whom Mr. PEPPER referred a few moments ago.

If there were Members of this body who felt compelled to vote for that reconciliation legislation, I remind every Member, I remind the Nation that there was a motion in connection with the procedures surrounding that reconciliation legislation which would have permitted the House to vote individually on the social security question.

I remember well that the gentleman in the chair now, the majority leader, argued for that motion, pointing out to the House, in his usual eloquence and not uncertain terms, that with the approval of that motion, Members would have the opportunity to vote separately to save the minimum benefit under social security and then go on to vote for the reconciliation legislation if they chose to do so.

Now, there have been suggestions that the gentleman from Florida has been partisan in his remarks. The gentleman from Florida served in the Congress when the great Harry Truman was President of the United States, and I believe that President was accused of being partisan, too. He said he gave the Republicans whatever the opposite of Heaven is, and the President replied—and this could apply to what Mr. PEPPER said today—"I don't give the Republicans (blank), I just tell the truth about them and it sounds like (blank)."

Mr. PEPPER told the exact truth about what happened on that reconciliation occasion. The House was not faced with an up or down vote on reconciliation, take it or leave it, all of the good things that some Members perceived in that motion and the bad; the House was faced with a decision of dividing the question and voting individually on the social security question. And on that question a very partisan and party line vote ensued, my party lost on that vote and the minimum benefit was killed.

Reference has been made to the President's suggestion for a permanent solution to the social security

program. Now, if nobody collected any benefits from the social security program at all, that would solve the financing. In fact, there would be enough money left over to finance a war in El Salvador.

All I hope is that when the Congress adopts its permanent solution to social security, it will not amount to a final solution for the recipients.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. SHANNON), a member of the subcommittee.

Mr. SHANNON. I thank the gentleman for yielding.

Mr. Speaker, last July, the House voted nearly unanimously to restore the minimum benefit for all current and future retirees. I deeply regret that the Senate insisted on cutting benefits for those eligible to receive them next year, and in years after that. Most of those people who receive the minimum benefit are elderly women, and many of them will have no option but to apply for welfare.

Earlier this fall, the Senate voted to cut social security family benefits drastically, and to impose a means test on Government employees currently receiving the minimum benefit. I commend the House conferees for rejecting these unwarranted and unfair provisions.

Throughout this year's ongoing debate over how to address the funding problems facing the social security system, the administration has paid very little attention to the needs of the elderly, or to whether the benefits paid out by the system are adequate. If there had been concern over the economic security of elderly Americans, then the President would never have proposed drastic benefit reductions back in May, and we would not be here today having to fight to restore a \$122 per month for elderly men and women.

I am glad that the conference report at least restores the minimum benefit for those currently receiving it. We can face the people at home over the Christmas recess knowing that the Social Security Administration will not be sending out notices to 3 million retirees telling them that their benefits will be cut.

But we draw the line here. We are not going to let the administration cut benefits for elderly Americans solely as a budgetary tool.

The conference report on social security does not go as far as the House wanted it to go. But, it will prevent current retirees from losing vital benefits, and it does help address the system's financing problems in a way that will mean the least amount of disruption and distress for the country's elderly. For these reasons, I am going to support it.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. ROUSSELOT).



Mr. ROUSSELOT. Mr. Speaker, I just want to correct one thing. The impression by the discussion here today would lead you to believe that my Democratic colleagues, in the reconciliation bill, had no reduction in social security benefits. They did. And it should be made very clear that the difference is one of degree on how much of a decrease in future social security benefits. So I think it should be clear right now and here that the reconciliation bill offered by the Democratic Party in this House, known as the Jones reconciliation bill, had reductions in social security benefits. So the difference is one of dollars.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I would like to point out also that the minimum benefit is being phased out under the decision of the majority in December of 1977. The minimum benefit was frozen as of that time and will phase out between now and the time the last recipient of the minimum benefit dies.

Mr. ROUSSELOT. Then, actually, the Democrats want to do that?

Mr. CONABLE. They wanted to phase it out, also, over a period of time.

Mr. ROUSSELOT. Oh, you would not know that today, would you?

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. OAKAR).

Mr. BEDELL. Mr. Speaker, will the gentlewoman yield?

Ms. OAKAR. I yield to the gentleman from Iowa.

(Mr. BEDELL asked and was given permission to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, I rise in support of the conference report to accompany H.R. 4331, the social security minimum benefit restoration bill. I want to commend the conferees on their hard work on this crucial matter. We all realize that a social security conference is never easy, and the serious nature of the financial difficulties facing our social security system made this conference report very important.

From the beginning, I have protested the administration's plan to eliminate the minimum benefit. I am pleased that the conference committee agreed to reverse repeal of the minimum benefit for current recipients. This action is a positive first step.

The conference report before us authorizes interfund borrowing among all three social security trust funds until December 31, 1982. This provision addresses the immediate short-term financial problems of the social security system, but it is not a remedy for the long-range ills of the system. The need remains clear and strong for more substantive action.

In this regard, I have been doing a lot of research and studying and talking to my constituents in northwest

Iowa about how we can save social security in the long term. Through forums conducted in June throughout the Sixth District, through public meetings I held in August, and through many valuable letters, I have received helpful suggestions from my constituents on how we can preserve our social security system in a fair and even-handed manner. As a result, just a few weeks ago I introduced three bills which would save the system without hurting present and future retirees.

My package of bills, Mr. Speaker, would include the following provisions: First, would preclude payment of all social security benefits to convicted criminals; second, would increase the cost-of-living adjustments by either the rise in the CPI or the wage index, whichever is lower; and third, would redirect the system back toward its original purpose by financing hospital insurance from general revenues.

Experts tell us that the retirement and survivors fund will come up short by an estimated \$80.9 billion in the next 5 years and that the system will need \$110.6 billion in the years 1987-90. Thus, as best we can tell, social security will need about \$191.5 billion more in 1981-90 in order to continue paying benefits.

My social security package is projected to save social security at least \$213 billion. I say at least because I am referring only to my bills which address the cost-of-living adjustments and the funding of hospital insurance. Additional savings would result from the elimination of social security benefits to prisoners—about \$17 million in 1982.

I believe that my proposals address both the short- and long-term problems of the social security system. It is not a Band-Aid plan that will fix the system temporarily. Rather, these bills, if adopted, will assure financial stability at least through the next decade.

It is my feeling that once and for all we must solve the financial problems of our social security system. In the past we have not been accurate in estimating the financial needs of the system and we have time and time again relied on raising taxes. I believe that we do not have to resort to raising taxes or significantly cutting benefits by accepting a plan that will clearly restore the integrity to the system and build confidence in social security.

By accepting the conference report on H.R. 4331, we are taking the first step, a positive step in the right direction. The restoration of the minimum benefit for current retirees will finally put an end to the uncertainty that so many retirees had to face during the past months.

From the beginning, I felt that we should not have inflicted such uncertainty and fear upon our elderly by inaction in this vital area. It has been a difficult fight in Congress, but I, for one, am ready to do more. I urge my

colleagues to support this conference report. I also ask my colleagues to join me in keeping the fight going to preserve and save our social security system.

Ms. OAKAR. Mr. Speaker, I chair a task force for social security and its treatment toward women, for the Aging Committee. Every time we have cuts in social security we especially affect the poorest person in this country—the older woman. Of course, older men do not do too much better.

Some of the first benefit cuts in the history of the system were made in the budget resolution offered by this administration; \$25 billion of benefits were taken away in an effort to balance the budget on the backs of the elderly and our disabled. The first step in solving the problems of social security is to remove the trust fund from the unified budget so that no administration will be tempted to balance the budget by cutting social security benefits, the second largest pot in the budget.

With reference to this conference report, I want to commend the gentleman from Illinois for his efforts in restoring the minimum benefit for current beneficiaries. In addition, the bill has a positive addition by providing for interfund borrowing for 1 year. However, this version is far different from our House version in one major area, and I hope we do not deceive the American people into thinking that this bill restores the minimum benefit totally.

I am extremely disturbed by the incomplete restoration of the minimum benefit. Three million people will rest more easily at Christmas because they can be assured of their minimum benefit check, but 7,000 people coming on the rolls in January will not have a holiday. Who are these people? These people are mostly women, our mothers and grandmothers, and displaced homemakers, who have the necessary number of quarters but because of their low wages and intermittent work pattern will not receive the current minimum of \$122 per month. These people also include the disabled and widows and widowers of eligible spouses. They will be denied the minimum. Their potential benefits will be reduced an average \$60 per month, allowing them an income of only \$720 a year.

This conference report falls flat of our original intent of complete restoration of the social security minimum benefit. Eighty-four thousand people will be denied the minimum benefit during 1982. For many people, the minimum benefit is their only source of income.

Today I am introducing a bill to restore the minimum benefit to future beneficiaries. I am proud to have Senator PEPPER, our majority leader and others as major sponsors. I invite others to cosponsor this bill to restore the minimum benefit so that when we

return we truly restore the minimum benefit.

□ 1145

Mr. CONABLE. Mr. Speaker, will the gentlewoman yield?

Ms. OAKAR. I yield to the gentleman from New York.

Mr. CONABLE. I thank the gentlewoman for yielding.

I am curious if the bill adds cost-of-living adjustments to the minimum benefit which the gentlewoman is restoring prospectively, because there has been no increase in the minimum benefit under the bill that the gentlewoman's party passed in December of 1977.

Ms. OAKAR. I would love to respond to that about my party.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ROUSSELOT).

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, in reality there are two primary aspects of H.R. 4331. One aspect deals with the short-term financing of the program; namely, the interfund borrowing provision.

The other main aspect restores the minimum benefit for those presently receiving it and for those who will be eligible to receive the benefit through the end of this year. Although I cannot support the stopgap financing aspect of H.R. 4331, I do support the restoration of the minimum benefit as provided by the conferees.

We all know that changes will have to be made in the social security program. It is important that we give those who are affected by these changes time to adequately prepare for them. It is my belief that the elimination of the minimum benefit in the Omnibus Reconciliation Act of 1981 was too abrupt and unfair to those who have come to rely upon their minimum benefit as a supplemental source of income. Changing the rules in midstream is poor policy.

The prospective elimination of the minimum benefit will make certain that beneficiaries will receive social security benefits based on their actual earnings record. Let me stress to my colleagues that even the prospective elimination of the minimum benefit will not adversely affect those who would have received this benefit in the future. There is a Federal safety net which provides for those low-income elderly in need. This social safety net in my State of California consists of potential payments and benefits under Federal SSI, State SSI supplements, food stamps, and medicine.

Mr. PICKLE. Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. JENKINS).

(Mr. JENKINS asked and was given permission to revise and extend his remarks.)

Mr. JENKINS. Mr. Speaker, I am very pleased that the House today is

taking action to reverse one of the mistakes that was made in the reconciliation bill. At that time I indicated that this House was making a grave mistake in taking the action that it did and I want to express my appreciation to the House in helping the President undo the mistake that he made.

It is one thing when we say that we have to reform social security. It is another thing to simply attempt to reform in the name of reform by eliminating people who have been drawing social security for many years, the very poor, the very low income people.

At that time, I voted against reconciliation based primarily upon the fact that this body was making a grave mistake in following the lead of the President in arbitrarily and uniformly disallowing people who had paid into social security, albeit on a low-income basis, and had been drawing social security for many years.

I want to say to the gentleman from Texas (Mr. PICKLE) and to the Members from this side of the aisle that I realize that this would not have been done had it not been for the insistence of the Democratic Members of the House, and I think that the gentleman deserves the appreciation of the old people of this land.

I would hope that, in the future, this House will never again blindly follow any President, simply because he may be popular at the moment. It is our responsibility to examine and study every proposal before voting for it. We did not do that in the reconciliation bill. I would urge and plead with those Members, especially those from the Republican side, who previously voted to take away these benefits from 3 million elderly Americans, to reverse their position and correct their mistake, by voting for this conference report.

The SPEAKER pro tempore. The Chair will state that the gentleman from Illinois (Mr. ROSTENKOWSKI), represented by the gentleman from Texas (Mr. PICKLE), has 12 minutes remaining and that the gentleman from Texas (Mr. ARCHER) has 15 minutes remaining.

Mr. PICKLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. FORD).

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Speaker, I rise in support of the conference report.

(Mr. FORD of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

Mr. PICKLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. SKELTON).

(Mr. SKELTON asked and was given permission to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, I rise in support of the conference report which will restore the minimum social security benefit to the 3 million elderly currently receiving it. This is welcome news, and certainly comes as a great Christmas present to the senior citizens who were facing the prospect of losing this vital part of their income within just a few weeks.

This conference report also provides for interfund borrowing within the social security trust funds. This is a concept which I have advocated in the past.

Mr. Speaker, the most important provision of this conference report, however, remains to be the restoration of the minimum benefit. We cannot pull the rug out from under people who have worked out a lifestyle for themselves based on a limited income during their retirement. Not only would this have been grossly unfair, it would have been devastating to the social security system which depends on the confidence of the people in order to work at all. I had opposed the elimination of the minimum benefit from the beginning, and voted to restore the benefit this past July. Elimination of the minimum benefit was a poor attempt to make the Government books look good on short notice, but it did not work. The minimum benefit was part of a contract that was made between the people and the Government and we should not, under any circumstances, deny this commitment. I continue to stand firm in my efforts of fiscal responsibility as I have in the past, but I also intend to stand up for the pact already made through the social security system with the people of this country.

We should be ever mindful that the integrity of the social security system should be kept intact—not only for the elderly, who depend upon it, but for those who are working and paying into the system at the present time. They look at what is being done, and by restoring this minimum benefit, they are being reassured that we in Congress intend to protect the integrity of the system.

Mr. PICKLE. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. FOUNTAIN).

(Mr. FOUNTAIN asked and was given permission to revise and extend his remarks.)

Mr. FOUNTAIN. Mr. Speaker, I simply want to associate myself with those who have spoken in behalf of this conference report which restores the minimum social security benefits to current recipients. I have always felt that the most precious crop we grow in America is our children, and next to them, so far as I am concerned, the most precious human crop we have left is our talented and experienced reservoir of senior citizens. Unfortunately, too many of them have little to look forward to in a material way.

As the gentleman from Georgia said, I too voted against the reconciliation proposal in large part because of its damaging effect upon some of our senior citizens.

My desire to reduce expenditures, excessive expenditures, has not diminished; but, it must be accomplished in a reasonable manner. I sincerely hope that in our efforts to provide a more permanent structure for social security in the years that lie ahead, we will do nothing to endanger these citizens whom we are now trying to protect. We cannot, we must not, let them down now.

Older Americans, Americans who have worked hard all their lives in support of their families, their communities, and their Nation, have counted upon the social security system to supplement their incomes in their later years.

The social security system is not without its problems—serious problems. But, this does not give us license to change the rules in the middle of the game.

I fully support the conference report which would restore the minimum benefit for all those who are currently receiving benefits.

Additionally, this conference report would authorize interfund borrowing among social security trust funds, and that will give the Congress time to find responsible and long-lasting solutions to the long- and short-term problems in the system.

Furthermore, the conference report makes other changes in social security which will, hopefully, aid the Social Security Administration in reducing fraud and mismanagement which robs rightful recipients of their benefits.

Many ideas have been advanced as to how the social security system should be reformed to keep it financially sound. This is an issue which will not go away, and a wide range of solutions must be studied.

And in the long run, it will doubtless become necessary to change the benefit structure somewhat and to broaden the source of income for the social security system to fulfill its requirements.

Clearly, responsible changes must be made in social security to keep it actuarially sound; but, we must also insure that those who have paid into the system continue to receive what they are entitled to.

I fully support this conference report, and I call upon the Congress to work diligently and forthrightly toward a sound social security system.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. BIAGGI).

(Mr. BIAGGI asked and was given permission to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, contemplate what occurs if this conference fails today. The Social Security Administration is prepared to send out notices to 3 million elderly citizens,

most of whom are not aware of the law as it exists today, most of whom do not know that on March 1 they will no longer receive their checks, most of whom will be shocked and it will have a devastating effect on their health, if not their lives, when they receive that notice in this Christmas season.

I would urge the Members of this House to contemplate very seriously whether they vote for or against this conference report, although it may not be the alpha-omega, it may not be all we desire, it certainly is the best of a bad bargain and what it in fact accomplishes is the restoration of benefits to those 3 million.

Mr. Speaker, I remember the vote on the Budget Reconciliation Act. I voted against it and opposed it vigorously because it called for the eliminating of the minimum benefit. I have a personal interest in this matter, a special personal interest—the President of the United States called me and asked me to vote for his tax package and I said I would if he would give consideration to the restoration of those minimum benefits and he said he would protect the truly needy.

Shortly thereafter the bill was introduced by the gentleman from Missouri (Mr. BOLLING), H.R. 4331, and was adopted virtually unanimously. The very same people who voted for the Budget Reconciliation Act which terminated those benefits, reversed themselves. They were given liberty to vote for that measure.

Their consciences should not be eased by their later vote on this measure. I voted for the tax package and as far as I am concerned, the President's commitment will be completely fulfilled, when he signs this bill into law and completes the legislation saga of the minimum benefits for the elderly.

Mr. Speaker, no matter what we might feel about all of the provisions of this conference report, I implore my colleagues to support final passage for we must end a nightmare for 3 million of our elderly citizens. The nightmare began almost 6 months ago when Congress, at the direct request of the President of the United States, voted for the Budget Reconciliation Act which called for the elimination of the social security minimum benefit for all those presently receiving it, effective on March 1, 1982.

We then found ourselves in the unprecedented position of being the first Congress in history to ever reduce social security benefits for current beneficiaries. Since that fateful day—these 3 million elderly—who I might point out—are among the poorest of our elderly population—have been anxiously watching events in Washington. They have also been living in imminent fear of receiving the official letter from the Social Security Administration advising them of the cutoff of the minimum benefit. The thought of that letter being sent out to 3 million seniors—during the holiday season—was most distressing to me—

and our actions today in passing this conference report will avert that spectre. Equally as disturbing would be the situation involved for those elderly who might not be notified in advance of the cutoff—and suddenly in April of 1982 they do not receive their monthly minimum benefit check. Passage of this conference report will avert that tragedy as well.

Let us review the steps that lead us to where we are today. Shortly after we enacted the Budget Reconciliation Act—I had the occasion to speak personally with President Reagan in conjunction with our consideration of the tax cut bill. I told the President of my total opposition to his proposal as approved by Congress which eliminated the social security minimum benefit. I indicated that if he would work toward the restoration of the minimum benefit—I would consider supporting his tax proposal. The President advised me that it was never his intention to harm the truly needy among the minimum benefit recipients and that he would work for the restoration for these individuals. Based on that pledge, I supported final passage of the tax bill which is now law.

Just days after this conversation, which did receive a great amount of national attention, the House passed the original version of H.R. 4331 which restored the minimum benefit for all persons present and future. The Senate, in a somewhat more deliberate fashion, passed a modified version of the legislation. The conference report before us reflects the compromises struck. After our action today—the legislation goes to the President for his signature. His approval will reflect the fulfillment of his commitment to me and to the American people. It may help to restore some faith among our seniors who have been shattered by the actions of this administration and Congress concerning social security. Let us use this legislation as a catalyst for more comprehensive social security reforms, which are desperately needed.

Clearly, the most important provision in this conference report is the restoration of the minimum benefit for all those persons presently receiving it. We are talking about 3 million elderly, an overwhelming majority of whom are women. We are talking about hard-working men and women who were in jobs which did not pay them a sufficient enough wage to allow them to contribute to social security in an amount that would at least, equal \$122 a month. The minimum benefit guarantees this level of income for these individuals.

I join with my colleagues who are angered by the arbitrary cutoff date with respect to prospective beneficiaries but even this must be viewed in perspective. I support the fact that the conferees exempted nuns and others who pledge to the vow of poverty for service from the language bar-

ring any new minimum benefit recipients. It is also important to note that the cutoff date for new recipients was to be November 1, 1981. Under this legislation, it is delayed until January 1, 1982.

Another important provision in this conference report is its rejection of the ill proposed Senate agreement which would not have restored the minimum benefit for those retirees with Federal, State, or local pensions which exceed \$300 a month. There was never any sensible justification for this and in reality, it smacked of discrimination and the conferees were wise to reject it.

I am an ardent supporter of the provisions dealing with interfund borrowing which are contained in this conference report. Interfund borrowing is essential and makes good commonsense. Two of the three social security trust funds have operating surpluses—the one that does not—is the largest one, the old-age and survivors fund. Interfund borrowing will avert any interruption in the providing of benefits. While I would have preferred a longer period of authority for interfund borrowing, this is an important first step.

I commend the conferees for also rejecting the Senate provision which would have limited the maximum family benefit for retirees and survivors to that applicable to families of disabled individuals. According to our distinguished chairman, this provision would have reduced benefits by some \$3 billion over the next 5 years primarily at the expense of families of insured deceased individuals with more than three dependents.

Let us today put an end to one of the sorriest episodes in modern public policy history. Let us remove a black mark which blemishes the record of the 97th Congress—namely that this is the first Congress in history to have ever voted to reduce social security benefits for existing beneficiaries. Let us by voting for this conference report begin the process of reestablishing the Congress as the true defenders of the social security system. Let us stop threatening its integrity and instead work for its preservation and strengthening.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Speaker, some of our colleagues have been bemoaning the fact that there have been partisan tones to the debate. I think there are some issues on which partisanship is not useful, but Ronald Reagan has taught us that a party should stand for something after all and that a party should have an ideology, and it seems to me that the Republican Party, the minority party in this House, has been honing its ideology for the last 20 years and moving toward a more conservative position, and I think we should have respect for that, that the party does stand for something.

Some of us would like our party to be clearer in its ideology from time to time, but the fact of the matter is partisanship on this issue does at least reflect the differences in the two parties and there is nothing to be ashamed of here.

There is a difference. There was a different point of view on this side of the aisle and it has been properly reflected. Parties do perform useful functions. When a group of people does not have anybody to stand up for them and they need someone to stand up for them, a party does perform a useful function. I am proud of my party for what it has done on social security and I am proud of the people who have made courageous votes on this side of the aisle and I do not think we should bemoan the fact, I say to my dear friend from New Jersey, that there have been partisan tones in this debate. It is merely a perfect reflection of the differences in the two parties, and if the gentlewoman is uncomfortable with the position of her party, which I sense she is, I think all of us have a great deal of sympathy for that, but it does not in any way diminish or decrease that difference.

During the election campaign last year, President Reagan made the following pledge to protect social security benefits before the American Association of Retired Persons:

Any reform of the social security system must have one overriding goal—that the benefits of those now receiving—or looking forward to receiving—social security must be protected, and that payments keep pace with the cost of living.

Despite this pledge, virtually every proposal made by the President since he entered office has been an attempt to eliminate or cut back social security benefits for millions of Americans. Last May, the President announced a number of proposals that were aimed at drastically reducing benefits. These included reducing the percentages of benefits paid to early retirees, restricting eligibility for disability benefits, delaying the annual cost-of-living-adjustment, taxing sick pay, placing a cap on family benefits, and eliminating the monthly minimum for both current and future recipients. Despite the overwhelmingly negative public reactions to this blatant attack on social security, the President and his allies succeeded in pushing through the elimination of the monthly minimum for both current and future recipients as part of the omnibus reconciliation budget bill last summer. Among other things, the elimination of \$122 monthly minimum would have severely cut the benefits of 3.1 million Americans, of whom two-thirds were over the age of 70, and 85 percent of whom were women. Moreover, 500,000 of these recipients were over the age of 80, and 16,000 over the age of 95. Yet the administration saw fit to try to slash their benefits, apparently on the presumption that anyone who is alive is

also capable of supplementing retirement income with work.

On the same day that the House approved the omnibus budget bill, it voted 404-20 to restore the minimum benefit completely, to both current and future recipients. It did so by passing H.R. 4331.

Then, the Senate spent months delaying approval of H.R. 4331, trying to find ways in which to preserve cuts in social security benefits. While the Senate dallied, the President announced in early September that he still wanted, to delay the 1982 cost-of-living-adjustment (COLA). He did not explain, however, in what manner he planned to delay the impact of inflation on the incomes of recipients whose COLA's were to be delayed. The public reaction was again so negative that the President was forced to go on television, on September 24, to reassure the public that he did not plan to cut benefits.

Once again, however, his allies in the Senate got to work, on doing just that—cutting benefits. When the Senate had approved its version of H.R. 4331, there were major cuts: The monthly minimum was eliminated for all future recipients; the minimum was also eliminated for all current recipients living outside the United States; there was a discriminatory dollar-for-dollar cut in benefits for those persons receiving public service pensions over \$300 a month, but not for anyone receiving other kinds of pensions; the maximum family benefit was lowered; and social security taxes were to be deducted from the first 6 months of sick pay.

The Senate version of H.R. 4331 was in the true spirit of the administration—while proclaiming protection for social security, it set about gutting it for millions of Americans. The House and Senate then had to have a conference on H.R. 4331, to come up with common language. Yet the so-called compromise violates the pledges made by the President, time after time, before the Nation, to protect social security. It does so with particular impact on future recipients, by unfairly and abruptly eliminating the minimum benefit for all new recipients after January 1, 1982—all of 2 weeks from now.

This compromise, which we are considering today, will penalize the poorest citizens of our society the most, both now and in the future. For what it means is that starting in 2 weeks, we will no longer assure all retired Americans that they will receive an absolute minimum of \$122 a month in social security benefits. Instead, benefits will be based on what is called one's earnings history. But what this really means is that those who have had the lowest salaries will be getting benefits of \$40 or \$50 a month, rather than the current minimum of \$122. The \$122 was the way in which we made sure that all retired Americans had some

pitifully small minimum to support them; \$122 a month does not go a long way—it is only barely \$4 a day. Yet the Reagan administration and its Senate supporters have now found another way to punish those who are poor—by eliminating even this grossly inadequate minimum base for survival. When we already know that tens of thousands of our elderly eat pet food, because they cannot afford real food, it is a travesty and a disgrace to further impoverish and humiliate them.

The elimination of the minimum as of January 1 also violates any sense of giving adequate warning to future retirees that a major cut in benefits was impending. What are elderly Americans near retirement supposed to do, who were counting on the \$122 minimum? Are they supposed to go out and find a second job? How are they to survive on \$60 a month instead of \$122? What kind of nation does this to its elderly poor?

Another utterly unfair cut in social security benefits in this distorted "compromise" is the imposition of the social security tax on the first 6 months of sick pay. Is it not enough that a person is so ill that they cannot work? Do we really have to tax their sick pay? It is patently cruel to add to the burdens of the seriously ill as the tax on sick pay does.

The amount of money generated by these cuts is absolutely insignificant, compared to the total deficit of the social security system or the national budget. Experts estimate that elimination of the minimum benefit will save only \$125 million a year. This compares to the \$138 million we will spend in fiscal year 1983 for golf, bowling, softball, and tennis on military bases. Or the \$102 million for military bands. Or the \$12 a meal subsidy on every meal at the officers' dining rooms at the Pentagon. Or the \$60 billion in tax loopholes we gave corporations, through leasing of tax credits over the next few years. Those favoring these cuts in benefits claim that this is necessary to keep the social security system solvent. Yet the amount of money to be saved is so small that major work will still be needed. But we have repeatedly refused to do away with tax loopholes that would yield more than enough funds to keep social security solvent indefinitely—such as the \$12 billion a year tax gift given to the oil companies in the Reagan tax bill. How is it that we have enough money to give the oil companies \$12 billion a year, but not enough to protect our elderly from the ravages of poverty and sickness? Think of it—we will save \$125 million a year by eliminating the minimum benefit, while imposing severe hardship on the poorest of our elderly. Our spending priorities have become a disgrace. Is this the way in which the President fulfills his "overriding goal"—protecting the benefits of all current and future recipients?

Mr. Speaker, it is not enough that we have preserved minimum benefits for current recipients—that should never even have been an issue, but the President and the Senate made it one. It is not enough that we have prevented other grossly unfair alterations in benefit formulas. There is simply no decent reason for the "compromise" that the House conferees agreed to, violating the trust that millions of Americans have in the social security system. If we go through with these abrupt and unfair changes, which citizen will ever again have trust in the supposed protections that social security offers against poverty in old age? If we agree to these compromises, we will be further undermining the trust of Americans in their political system.

Mr. Speaker, we have seen that the President has no intention of living up to his pledge to protect the social security benefits of Americans. Because of the Senate's delays, we are in the position of accepting this punitive compromise, or forever eliminating the minimum benefit for all retirees. It is an unconscionable position for the House.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from New Jersey.

Mrs. FENWICK. Mr. Speaker, my charming young colleague—

Mr. MOFFETT. I thank the gentleman.

Mrs. FENWICK (continuing). Is too young to remember, but I am not, that the father of social security in this House was Republican Robert Winthrop Kean, a Representative from New Jersey.

Mr. MOFFETT. I thank the gentleman for that information.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. CAMPBELL).

(Mr. CAMPBELL asked and was given permission to revise and extend his remarks.)

Mr. CAMPBELL. Mr. Speaker, I am deeply disturbed as I listen to the rhetoric that is coming forth concerning social security. This issue is most important to all Americans, young and old. As we look at history and we see that when we initiate the system we had 16 Americans paying for 1 retiree and today we have 3 paying for each 1 retiree, it does not take a mathematical genius to know that we have problems.

When we look at the fact that back in the 1950's we initiated an early retirement program and that we indexed that later to inflation, it does not take a genius to know that we are draining the system.

When we look at the fact that we let people retire under another retirement program and work a short period of time and then become eligible to draw minimum social security benefits—not the poor, but those who in fact have money—and then at that time drain the system from those who need it, we know we have problems.

As a matter of fact, Mr. Speaker, when we look at the fact that we initiated just a couple of years ago the largest tax increase in the history of this Nation, to fund social security, and we see it has not done the job then we know we have problems.

I would like to commend the gentleman from Texas (Mr. PICKLE). He has done an outstanding job. This committee has tried to do an outstanding job. But, Mr. Speaker, I think it is the height of hypocrisy when the Committee on Ways and Means is in fact instructed by the majority leadership not to bring a bill out to solve the problem of social security because they want the political issue.

I think quite frankly that the American people should know that that is exactly what we are hearing here today partisan rhetoric, not a solution.

Mr. PICKLE. Mr. Speaker, I yield such time as he may consume to the gentleman from New York, (Mr. PEYSER).

(Mr. PEYSER asked and was given permission to revise and extend his remarks.)

Mr. PEYSER. I rise in support of the social security conference report. The Congress should be ashamed of the fact that it supported the administration's program to eliminate the 3 million persons who were covered under the minimum benefit plan. These were the poor and the elderly. I am pleased that this action will restore the benefits to these needy people.

Mr. Speaker, I am unhappy, however, that we did not leave the program as it was originally. After January 1, 1982, there will be no additional people eligible for the program. I hope in 1982 the Congress will address this problem.

Mr. PICKLE. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. RATCHFORD).

(Mr. RATCHFORD asked and was given permission to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, what we find today is typical of the sometimes impossible choices at the end of any legislative session. Generally they focus on an area where the choices are those that neither side likes. We have that type of situation today.

I cannot help recalling the earlier reference to an old movie series, the "Perils of Pauline." In that silent movie scenario, after much tension and high drama at the last moment the heroine was always saved.

We engage in that type of saving today, but I would say to those who participated in the drama that the high drama and tension really was not necessary. That tension falls on those who need it the least, the frail elderly. In this case, 3 million Americans in their seventies, eighties, and nineties.

Let us look at a script. It did not begin with a previous administration,



it began with this administration, at the White House, with David Stockman. It continued with the script that was called Gramm-Latta. It continued with a vote on reconciliation, and today I cannot find one Member who admits that when he voted for Gramm-Latta they voted to eliminate 3 million Americans on social security.

□ 1200

Well, now we are finally doing something about it. We are going to do the humane and right thing. We are going to restore those benefits.

This, indeed, is the only proper thing to do. A satisfied choice, no. I do not like what we are doing to future beneficiaries. I do not like a tax on sick benefits. I do not like what we are saying to those currently receiving benefits, because we are saying Government, this Government, is prepared to cut those who have a contract with the American Government; but the choice is ours and other options do not exist at this late date.

To the Committee on Ways and Means, I applaud your effort. It is the only proper thing to do. Let us be on with it before we adjourn today.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. DOWNEY).

(Mr. DOWNEY asked and was given permission to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, we have learned a whole new political lexicon over the last few years. We have heard that a double dipper is somebody who has earned the right to two pensions and is suddenly somebody to be looked upon as a grasping and conniving selfish individual because they are concerned with their retirement; that the whole notion of why we are here can only be stated in one simple and clear way. One party views the people who had been receiving minimum benefits as the front line soldiers in the sacrifice for inflation. Another party recognizes that governments are organized to help people and, indeed, the poorest of the poor to be able to fend over the high cost of living.

I think that my party, as pointed out by the gentleman from Connecticut, Mr. MOFFETT stands for something. It stands for the minimum benefit. We would not be here today if we had not cut it originally, in my opinion, a vain and futile attempt to deal with inflation by screwing the people who are least able to afford it.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I have no objection to people earning two pensions, but it does seem to me that when part of one pension is unearned, they are in an odd position to say that we have earned our unearned benefits.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. PICKLE).

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, we are nearing the end of this debate with only one or two speakers remaining.

I would point out that there is very general agreement on the conference. I would hope we would receive a unanimous or near unanimous vote on this conference.

There are only two areas where there is some contention, that is in the question of the use of interfund borrowing and the question of eliminating prospectively the minimum benefit. Both of these issues will be faced by the Congress a year from now whenever we address these problems.

The main thing to remember now is that we are in general agreement on the overall purpose of this bill. This is approved by the Social Security Administrator, Mr. Svahn.

It is approved by the conferees.

It has the endorsement of Mr. Wilbur Cohen, former Secretary of HEW and HHS; Mr. Bill Driver, the former SSA Administrator, and of Robert Ball, the former SSA Administrator.

I think nearly all parties are in agreement that this conference report should be adopted. As we adopt it, let us be resolved that we will responsibly address the problems of the whole social security program next year—and do the responsible thing and the right thing for our elderly citizens.

Mr. ARCHER. Mr. Speaker, I yield myself 12 minutes.

(Mr. ARCHER asked and was given permission to revise and extend his remarks.)

Mr. ARCHER. Mr. Speaker, over the years too little time and attention has been paid to social security and all of its complexities and ramifications by the Congress of the United States, despite the fact that it was growing to a level where it is today only second to defense in the total number of dollars that flow out of Washington.

I think it is well today to briefly examine the history of the Congress and the social security system over the past 15 years. Unfortunately, it is not an attractive narrative in fiscal responsibility. The latest chapter being written today does not improve on that record. Here are just a few of the episodes from the chronological facts in the Journal. Throughout all the years in which the Congress voted benefits to social security recipients, usually just before election time, those benefits on a cumulative basis far outstripped advances in the cost of living. For example, over a 5-year span from 1968 to 1972, the Congress increased benefits nearly 72 percent across the board at a time when the Consumer Price Index was rising at a rate of less than 5 percent per year.

In one of those years, 1972, the Congress really outdid itself. It passed a 20-percent across-the-board increase in benefits, without providing 1 addition-

al cent of tax revenues to pay for that increase. It was an irresponsible act on the part of this body and it helped bring the social security trust funds to the edge of bankruptcy later in the decade.

Only a few of us in this Chamber today were present on that occasion, fewer still may remember it. There were only 35 votes, including mine, against the motion.

If this one step had not been taken, the system would not have faced the crisis that erupted in 1977. But a major crisis did develop and Congress again handled it inadequately.

Some of my Republican colleagues and I offered a program that year to strengthen the system, not only financially, but structurally. The trust funds would have been placed on a sounder basis over the short run and the long run and, importantly, the equity of social security would have been improved dramatically; but that proposal was dismissed almost out of hand by the same majority which controls the House today.

Instead, the Congress enacted the largest peacetime tax increase in our history, and then President Carter and the leaders of this body told the Nation they had made the social security system solvent for at least 25 years. They were short by only 20 years.

When it became obvious recently to anyone who bothered to read the trustees' reports that the trust funds were going broke again, a new drive began to stabilize social security. A leader in this effort was, and continues to be, the chairman of our subcommittee, the gentleman from Texas (Mr. PICKLE).

Under his leadership, the subcommittee made real progress, on a bipartisan basis, toward a reasonable set of solutions to the myriad problems besetting the system, reforms that are fair to young as well as old Americans. Seeking help from the executive branch, the chairman and some subcommittee members, including me, put strong pressure on the administration to come up with its own proposal.

In response to this importuning, the administration did propose a comprehensive package. Not all of its provisions were embraced enthusiastically by the subcommittee, the public, or by me; but it did provide the framework for Congress to hammer out bipartisan reforms. Unfortunately, we failed to take advantage of that opportunity.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I would be happy to yield to the gentleman from California.

Mr. ROUSSELOT. So we could have had a reform bill here on the floor, this session, because we were making progress in the subcommittee had the Democratic leadership decided otherwise?

Mr. ARCHER. Absolutely.

Mr. ROUSSELOT. And the chairman, the gentleman from Texas (Mr. PICKLE), as the gentleman has indicated, has tried on a very bipartisan basis to try to bring that to the floor, the reform of the social security system.

Mr. ARCHER. Yes; the gentleman is correct.

Mr. ROUSSELOT. To save it.

Mr. ARCHER. The gentleman is correct again.

Now, at this point I should make it absolutely clear that the administration package, which addressed both short- and long-term social security issues, did not include a provision to eliminate the minimum benefit retrospectively.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield at that point?

Mr. ARCHER. I will be happy to yield.

Mr. ROUSSELOT. The gentleman had better repeat that. I do not think we all understand that.

Mr. ARCHER. The administration proposal, made at the importuning of the social security chairman and myself, did not include a provision to eliminate the minimum benefit retrospectively.

That provision, which originated neither in the Department of Health and Human Services nor in the Social Security Administration, came to us separately as one of many recommendations in the budget reconciliation bill.

My views on this particular item remain unchanged. Although it is philosophically supportable, I thought it was a bad idea in that context and I agreed with my colleagues on the subcommittee that the minimum should be eliminated only on a prospective basis.

I emphasize that point, because the minimum benefit is not the problem here today in this conference report. We have all agreed to restore it retroactively, and if that were the only provision in this conference report, I would support it.

But to get back to the chronological record, the administration deserves credit for sending us a major reform package on social security to prevent its bankruptcy.

Unfortunately, that package was not an impetus in our deliberations, because the leadership of this body used one feature of it, along with a fabricated furor over the minimum benefit, to turn the entire social security debate into a name-calling, arm-waving side-show.

In the midst of this unpleasantness, some of us have remained in lockstep with the gentleman from Texas (Mr. PICKLE), trying in vain to keep social security in perspective. I think the chairman of the Committee on Ways and Means, the gentleman from Illinois (Mr. ROSTENKOWSKI) shares our concern. I think he, too, would like to address the full range of social security issues responsibly and directly; but his hands also appear to be tied.

It seems clear that if the top leadership of this body had not stood in the way, our subcommittee would have already completed markup, as the gentleman from California said, on a bipartisan bill addressing the tough, critical decisions needed now to stabilize the social security system, short and long term; and I am convinced that truly constructive social security reform can occur only through a bipartisan effort.

But the House majority leadership precluded us from taking any steps forward, and now this conference report will delay us even more.

While the House was being strait-jacketed by its leaders, the other body passed legislation which at best would have postponed for about a year the bankruptcy of the system's major trust fund, the retirement fund. I cannot say that they acted responsibly, because at worst, their bill could have led to irreparable damage by paving the way for general revenue financing of social security.

Because this Chamber did nothing, the prospects for a satisfactory conference were grim from the very start. With the possibilities for action ranging between zero and the pitiful package presented by the other body, there simply was no hope for a truly constructive compromise.

The only way out on a reasonable basis for the conferees was to retain the minimum benefit for those already receiving it, to eliminate it for those coming on the rolls in the future, and to do nothing else; to strip all the interfund borrowing out of the bill and to strip the coverage of sick pay out of the bill, and that was what I urged in the conference committee. If we had done that, the Congress would have had to bite the bullet which has been talked about so much. We would have been forced to take more definitive action within the next few months. The Congress would not have been able to sidestep the crucial test any longer, because if nothing is done, the old age and survivors insurance trust fund will run out of money, starting next fall, and the Congress never would let that happen. It would simply have to act, and act now.

Under the conference agreement, the problem can be swept again under the congressional rug, and so will end another sorry segment of the social security story, because once again, the conferees asked us to make a decision for purely political reasons. Instead of putting the interests of beneficiaries and taxpayers first, it is clear that this conference report is designed solely to get us through the next election.

The most compelling reason to oppose this measure is that it causes us to lose almost a year of leadtime, which we badly need to phase in some of the reforms we might elect to embrace. I doubt that anyone in this Chamber wants to act precipitously in making social security changes; yet by failing to require action now, we will

be forcing ourselves precipitously to the edge of a social security default cliff.

□ 1215

We should be coping with these issues now, election year or not.

A responsible answer to social security's core problems never will be found painlessly. No constructive solution will be easier with the passage of time. I think we are kidding ourselves on this point.

The device of interfund borrowing is a tricky one which should not be used except as part of a larger, more comprehensive social security reform package. Standing alone, it has a "primrose path" aspect, with the potential for luring us closer to the general revenue financing trap. If we fall into that one, the social security system falls with us.

There are no general revenues, and once the Treasury starts borrowing money to pay social security benefits, several consequences are as inevitable as sunset. First, interest rates and then the inflation rate will start rising again. Second, pressure will mount to control benefit escalation through a needs test. Third, social security as we have known it will no longer exist; it will become just another set of welfare programs.

There is another major flaw in the conference report, Mr. Speaker. It has to do with subjecting additional so-called sick-pay income to the social security tax. This is a very complicated issue, with ramifications which we have not yet even identified, much less examined. There have been no hearings on the subject, and it is clear the action taken even exceeded the proper scope of the conference.

The SPEAKER pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. ARCHER was allowed to proceed for 1 additional minute.)

Mr. ARCHER. Mr. Speaker, the Senate bill covered "sick pay" paid directly by the employer, but did not include all "sick pay" covered by insurance companies. The conference agreement goes even further and includes "sick pay" covered by insurance companies, which is normally less than the average take-home pay of the employee, and now this conference report will strap on that employee another payroll deduction at a time when he can least afford it. This is not the answer to the long-term or the short-term problems in social security.

Let us not grind away at the vulnerable worker in our haste to make a show in this bill, but as elected officials let us find a thoughtful approach to truly reform the social security system and restore confidence in its long-term stability.

I truly believe that if the conference changes become law, we will consume much time and effort in the future,



trying to correct the mistakes we will be making today.

For all of these reasons, Mr. Speaker, I am opposed to the conference report on H.R. 4331. I know that I represent a minority, and a very small one at that. But the years ahead will confirm the accuracy of my statement.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. WRIGHT) to conclude debate.

Mr. WRIGHT. Mr. Speaker, I rise in support of the conference committee report. It evokes from me, as I think it does from most of our Members, a combination of gratification and disappointment.

We are gratified because at long last we have been given an opportunity to restore to some of the oldest and poorest and most politically defenseless people in our society the benefits which were taken from them when we passed, almost sight unseen and unknowingly the document known as Gramm-Latta II.

We are disappointed, of course, because even with this restoration to those 3 million elderly Americans of the benefits that they had enjoyed before they were taken away from them by the Gramm-Latta proposition, in exchange and as a pound of flesh demanded by the other body, we have had to deny future beneficiaries these same benefits and have had to require that those receiving sick pay shall be taxed.

Probably the cruelest and most unfeeling injury inflicted on the day that we passed Gramm-Latta II, a compendium of cruel and bloodless deeds written by the Office of Management and Budget, was taking from these 3 million Americans this meager \$122 a month benefit.

But let us not decide ourselves. We have not restored to those Americans, nor let them be deceived into thinking that we have, all the cruel things that have been performed by this and other deeds in this Congress, to the elderly of our land.

Students, children dependent upon social security beneficiaries, have had their educational benefits stripped away.

Other retirees, military and civilian, have had their benefits reduced. Railroad retirees have suffered harsh reductions in the benefits to which they were entitled at the beginning of this year.

Such programs as Meals on Wheels for the elderly shut-ins have been harshly cut by this Gramm-Latta proposition and by other reductions in programs to benefit the elderly of this land.

Only a week ago we voted to take \$100 million from the funds that were available to administer social security benefits.

So let us make no mistake about it. Social security beneficiaries and the elderly of our country have borne a

disproportionate share of the burden of trying to balance this budget.

And let there be no mistake whatever that the so-called package of reforms that was offered to us earlier this year in the name of the administration by Secretary Schweiker had as its primary and principal purpose reducing the deficit on the backs of the social security beneficiaries. That package of so-called reforms would have reduced payments to social security beneficiaries by some \$70 billion over the next 5 years. Its purpose was rather cynically stated by the Director of the Office of Management and Budget in the Atlantic Monthly article when he said:

The social security problem is not simply one of satisfying actuaries; it is one of satisfying the here and now of budget requirements.

And then perhaps the most cynical thing of all revealed in that article: "despite the political uproar," it says on page 45, "Stockman thought a compromise would eventually emerge on social security." And I quote from the words attributed there to Mr. Stockman:

I still think we will recover a good deal of ground from this . . . It will permit the politicians to make it look like they are doing something for the beneficiary population when they are doing something to it which they normally would not have the courage to undertake.

I want to address myself to one misconception.

There has been a statement to the effect that the majority leadership has prevented the Ways and Means Committee from bringing to the floor a bill which would cure the problems of social security. That is not true. I am the majority leader; I made no restriction, nor uttered any such discouragement. But let me assure you, so long as I may be the majority leader, I will doggone well try to use whatever influence I may possess to assure that we shall not, under the misbegotten name of reform, reduce social security beneficiaries' payments that our elderly Americans have entitled themselves to over a lifetime of work.

I am committed to the proposition that we shall preserve and protect the integrity of the social security trust fund, and that we can and shall do this by means other than reducing benefits.

This bill restores one of those benefits. It originated in the House. It was diluted in the Senate. It represents movement in the right direction. It deserves to be supported.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Speaker, I, too, regret that we were not able to proceed in the House and that the leadership deferred for action to the Senate. I equally regret that the President never formally sent to the Congress a

social security bill and that the other body never introduced a bill or advanced their own position.

Politically, perhaps, both sides were correct. Legislatively, we are wrong in not doing something. I think we ought to just stop the finger-pointing and get back to work next year.

Mr. LIVINGSTON. Mr. Speaker, the Social Security Administration is sending social security checks to beneficiaries who are no longer living. While reasonable people may argue over the appropriate solutions to the general problems faced by the social security system, surely everyone can agree that social security benefit checks are too precious to be paid to anyone but the living.

Deceased beneficiaries receive social security checks because the Social Security Administration has no systematic way of knowing when a person has died. Once an American goes on the social security benefit rolls, he is all too often likely to remain there unless his death is voluntarily reported by his relatives, the Postal Service, the funeral home director or, if the decedent died in the course of hospitalization covered by medicare, by the hospital to the Health Care Financing Administration, which in turn reports the death to the Social Security Administration.

H.R. 5076, which the gentleman from Louisiana introduced on November 20, 1981, for himself, 20 original cosponsors, and 29 additional cosponsors, would have the 50 States share their death statistics with the Social Security Administration on a semiannual basis. Every State requires that each death be recorded, and the information is retained in a retrieval system that is automated to some extent, except in the State of Arizona and the District of Columbia and the Virgin Islands.

A recent investigation by the Office of the Inspector General of the Department of Health and Human Services proves that the current piecemeal system of death notification is grossly inadequate, and that State death records must be made available to the Social Security Administration. The investigation, known as Project Spectre, has revealed about 8,500 cases where medicare records showed a person was dead, but social security benefit checks kept going out. HHS estimates that over \$60 million in benefit overpayments—which count as debits on the social security trust funds, whether or not the checks are cashed will have been found when all of these 8,500 cases have been fully investigated. To date, however, the Inspector General has found that in about 1,100 of these cases, checks totalling \$14.3 million were sent to deceased beneficiaries. HHS presently estimates that it will save \$26 million—in the first year alone—once it removes the names of the dead from the benefit rolls.

While the loss of these millions is disturbing enough, it should be remembered also that these figures do not take into account the administrative costs and printing costs of printing unnecessary checks in the first place, mailing the checks, investigating possible overpayments, recovering overpayments, and handling and processing checks that are returned by conscientious survivors of the deceased beneficiary. As the General Accounting Office has noted, in 1978 alone some 1.5 million benefit checks were returned to and handled by the Social Security Administration.

The millions of dollars in overpayments also do not reflect the frustration of some diligent survivors who try to have the checks stopped by reporting the beneficiary's death, only to find that somehow this simple message "does not compute": the checks keep coming. The gentleman has one constituent who, until last month, received benefit checks payable to his late mother, who passed away in 1973. After a number of attempts, both by telephone and in writing, to have the checks stopped, the 100-plus checks—none of which had been cashed, though each of which counted as a "withdrawal" from the trust funds—were sent by the gentleman's constituent and are in the process of being returned. By the way, these checks were in amounts ranging from \$175 to \$369 and totalled thousands of dollars—just for one person.

There is only one place to attack this problem: at the source. We must give the Social Security Administration the tools it needs to keep these checks from going out in the first place. A GAO report sums up the situation nicely in its title: "Social Security Should Obtain and Use State Data to Verify Benefits for All Its Programs" (Report HRD-80-4, October 16, 1979). H.R. 5076 would accomplish this. Moreover, it would conform to State laws that make death information private, in that it would amend current law so as to allow access to the State provided information only by close relatives of the decedent.

Mr. Speaker, the Social Security Administration is diligently working on this problem, which it discovered. But it needs the help of the Congress and the States, just as it provides help to the Congress and the States through the 70 million personal beneficiary files it gives to the States to help them administer programs like food stamps, medicaid, supplemental security income, and aid for families with dependent children.

Let us complete the exchange of information so as to assure the effective administration of all taxpayer-funded programs. Surely we are seeing only the tip of the iceberg in the \$60 million in social security checks to the dead discovered so far. We cannot afford not to correct this most serious problem.

Mr. Speaker, I am pleased to see that the House and Senate have taken action on the social security minimum benefit issue. The move to eliminate the minimum benefit, as contained in the omnibus reconciliation bill, was something I opposed from the beginning.

My vote against final passage of the omnibus reconciliation bill was predicated on my disagreements with various provisions in that bill to include the elimination of the social security minimum benefit. I felt that in passing such a provision, the Congress was violating a covenant between the Government and the citizens who receive the minimum.

To me, the social security program, despite some shortcomings, is an ideal social program that has worked well since its beginning in the mid-1930's. There is no question that we need to make some changes to the program to keep pace with the times. But the changes should not be made in a piecemeal fashion at the expense of those who receive the benefits.

As one who voted to restore the minimum benefit in late July, I felt that we in the Congress, as representatives of those who receive the minimum benefit, could reverse ourselves in the wake of what I consider to be an oversight on the part of this body.

● Mr. RODINO. Mr. Speaker, I think it is shameful that we find it necessary to consider this social security minimum benefit bill at all. The 3 million Americans—most of them low-income elderly—who receive the \$122 monthly check should never have been cut off so senselessly by their Government.

Last June the administration's budget proposal eliminated the monthly minimum benefit in the interests of fiscal austerity. I strongly objected to this proposal as a cruel and impractical way to balance the budget. I pointed out that more than 500,000 people who receive the monthly minimum benefit are over 80 years old and rely almost exclusively on the program for survival. Also, a staff study of the House Aging Committee pointed out that it would cost the Government more money to eliminate the minimum benefit than to leave it alone—because about 600,000 people would be forced onto the welfare rolls.

Yet, the House rushed blindly into passing a reconciliation bill which embodied the President's plan, and then, realizing its folly, passed a separate resolution restoring the benefit.

Two months later, after millions of Americans voiced their shock and anger at the administration's social security cuts, President Reagan declared he had changed his mind and was abandoning his proposal. The Senate then passed a resolution partially restoring the monthly minimum benefit.

Throughout all these twists and turns millions of elderly men and women endured the uncertainty of not knowing if they would receive the monthly benefit they had come to rely

upon for basic existence. Even worse, their checks were cut off as of October 1.

The conference report we are faced with today restores this minimum benefit to those who had been receiving it. But it does not offer a solution which I can wholeheartedly support—because it fails to continue the benefit for those retirees who turn 62 after December 31 of this year and members of religious orders who turn 62 after October 1, 1991. I am also disturbed by the Senate amendment embodied in the conference report which makes the first 6 months of sick pay subject to the social security tax—except for worker compensation payments and employee contributions to a sick pay plan. These limits betray the trust our working men and women have put in their Government to live up to its part of the social security contract.

But I will vote for the conference report because it is essential to continue the benefit for present recipients. Also, the conference report prudently authorizes interfund borrowing through December 1982 to insure the fiscal viability of the social security system until Congress acts on a more permanent solution to the social security funding problem.

It is my hope that when Congress takes up this task in the near future, the fate of our Nation's elderly will be handled with greater thought, compassion and consideration than it has been during the months of contradictions put forth by the Reagan administration on the minimum benefit issue. I hope that in the future the administration will be more sensitive to the needs of our elderly citizens before formulating its budget policies.

The monthly minimum benefit is the difference between starvation and subsistence for many older Americans, and this conference report will correct an injustice that was done them earlier this year. I support it. At the same time, I look forward to full consideration of the issues it leaves unresolved for providing a guaranteed social security system for America's future.●

Mrs. SCHNEIDER. Mr. Speaker, I rise in strong support of the conference report to accompany H.R. 4331 and urge its approval by the House.

I have spoken on the floor on many occasions in the past concerning the vital need to restore the \$122 minimum social security benefit. In our much-needed attempt to bring solvency and long-term health to the social security trust funds, it is important that we examine approaches which do not mean a reduction in benefits received by current recipients. This bill will correct the inequity caused earlier this year in that regard. While this report will not provide the minimum benefit for those entering the rolls after January 1, 1982, it will bring needed relief to millions of recipients who saw their benefits reduced. I, for one, would like to include the question

of a permanent minimum benefit for new recipients as an item for debate when the social security question is addressed in a more comprehensive manner in the next session. It is important to remember that the vast majority of minimum benefit recipients are older, widowed, or single women.

The committee's work with regard to interfund borrowing is to be commended as well. This will allow for a longer period of serious examination and debate over the social security system as a whole. It is unfortunate that the committee chose to include the first 6 months of sick pay as income. While this move will recover a great deal of the cost of restoration of the minimum benefit, I would like to include this as well in the more comprehensive review to come.

In short, this conference report represents a reasonable and necessary reaffirmation of this Nation's commitment to a viable, equitable social security system and restores the faith placed in the system by millions of Americans who receive the minimum benefit. I strongly encourage a favorable vote.

● Mr. MATSUI. Mr. Speaker, I rise to applaud the decision of the conference committee in sustaining the right of all retired public employees to equal protection under our Federal social security laws. The conference committee has selected to reject that provision in the Senate bill which would have required an offset of public employees' social security minimum benefits dollar-for-dollar if their civil service pension exceeds \$300 a month. This offset requirement would have attached exclusively to retired public employees, and not private sector annuitants.

I was particularly alarmed at the potential adverse consequences which this inequitable provision could have had on many of my constituents who reside in my congressional district. The Third Congressional District of California includes the State capital of California and the regional headquarters of numerous Federal programs. Many of my constituents are retired public employees who have committed their professional careers to serving these public agencies. Currently residing in my district are 11,417 constituents who receive Federal retirement benefits. In addition, Sacramento County has 1,716 county and 1,230 city retired employees within its bounds. California has 27,551 retired State employees who receive both social security and State retirement benefits. Despite many inquiries to the Social Security Administration, I could not obtain exact information on how many of these individuals would have been subject to this discriminatory provision.

Given the potential harm of this Senate provision on my district, I advised the chairman of the Ways and Means Committee in early November that I could never support any legisla-

tion which could so deleteriously affect such a significant number of my constituency. I am now pleased that the Conference Committee has elected to recognize that retired public employees have made contributions to the social security system in the same manner as any other social security beneficiary and deserve thereby commensurate benefits.

My specific concern on the public employee offset provision by no means diminishes my interest and support for the restoration of social security minimum benefits for current beneficiaries. I have been an advocate of this critical social security benefit program given the demographic nature of the population affected. It has been estimated that 75 percent of the current 3 million beneficiaries are aged women; many of whom are older than 75. These are retired and disabled women workers, or widows of retired and disabled workers who need the benefit to survive. These are persons who have contributed substantially to the economic viability of this country. I believe this Nation is sufficiently wealthy to afford these persons \$122 per month in retirement benefits so that they may maintain some dignity in the closing years of their lives. I applaud the conference committee's recognition of this humane principal. ●

● Mr. FRENZEL. Mr. Speaker, the bill before us today represents another lamentable chapter in the book of congressional cowardice concerning the social security system.

This year, the Congress had an opportunity, and an obligation, to make fundamental changes in the social security system in order to insure its long-term solvency. Instead, the House majority leadership, against all of the advice of the most distinguished experts, inside and outside of Government, deliberately chose not to consider any comprehensive social security refinancing plan.

This meager bill is the only social security bill the leadership would allow to come to the floor, although several comprehensive refinancing plans were proposed, and considered, by the Social Security Subcommittee. I believe the House has copped out. It has refused to make social security secure.

However, the bill is not a totally wasted effort, and does take care of a few of the myriad of problems facing the social security system. For that reason I shall vote for it even though it does not do the full job.

The bill extends interfund borrowing between the various social security trust funds for another year. This will help to delay the arrival of a major social security crisis for a short time. And it has the advantage of forcing another decision at the end of the year. Unfortunately, it will put an even more critical social security financial crisis squarely in the lap of a lameduck Congress, as it is doubtful that the majority leadership will have

the courage to allow a major social security bill to be considered before the 1982 elections. Lameduck Congresses have never been a good environment to consider major legislation, and there is no indication that next year will be any different.

There is another problem which is more difficult to define. The conferees added a Senate amendment which had the laudable intention of balancing revenue loss to social security from reinstating the minimum benefit with new revenues derived from taxing for social security certain sick pay benefits. That is a good idea, but the House has had no hearings on the subject. We do not know the effect of the new tax. We do not know who is affected. There are enough unanswered questions to make me very nervous about this feature of the bill.

The bill reaffirms the Congress commitment not to reduce the benefits of current beneficiaries, by maintaining the minimum benefit for those individuals who are currently receiving it. The bill also eliminates the social security minimum benefit for future beneficiaries. This will result in the benefits of all future retirees being computed according to the same general formula. It will also eliminate a major revenue drain on the system's finances which has been created by individuals paying negligible amounts into the system, and receiving comparatively sizable benefits in return.

Today's bill brings us one step closer to a major social security financial crisis, without a comprehensive solution. I do still, however, harbor some hope that the Congress will take the necessary steps to develop a comprehensive social security refinancing program, so that 35 million Americans who rely on social security for their retirement support, and the 117 million who are paying into the system, will not have to live in fear of ever losing their earned benefits.

● Mr. ALBOSTA. Mr. Speaker, one of the most difficult and challenging issues facing the Congress this year is reforming the social security system.

The Congress has a responsibility to keep its commitment to those who have retired or are nearing retirement. We cannot back down from this commitment and I am convinced that we will not. Furthermore, Congress will be working in the months ahead to insure that the social security system remains solvent. Financial problems of the long and short term must be addressed.

No proposal has generated as much public debate and controversy as the proposed elimination of the minimum benefit. The social security minimum benefit represents the sole income of approximately 3 million of the 36 million social security recipients. This minimum benefit provision, which was first enacted in 1939, is designed to increase retirement income for those with low-wage histories and for those

whose employment was primarily before social security covered their work in the system's early years. Those persons who are now receiving the \$122 monthly minimum benefit are generally elderly women who did not have an opportunity to work full time or earn a reasonable salary. More than one-half of minimum benefit recipients are over 70 and more than 500,000 are over the age of 80. It is clear that the elimination of these individuals could only mean additional hardship.

In addition to restoring the minimum benefit for all current recipients, the conference report calls for inter-fund borrowing. I have long supported the concept of borrowing between the old age and retirement trust fund, the disability insurance trust fund and the health insurance trust fund. I believe this action is necessary to help the retirement trust fund through this time of great concern.

There have been many attacks on the social security system, questioning its solvency. It distresses me greatly that so many Americans have been caused tremendous and I might add, unnecessary, anxiety over their social security. My constituents of the 10th Congressional District of Michigan have contacted me expressing their fear and anger regarding the proposal to reduce and/or eliminate social security benefits. Let this action here today send a clear signal to our citizens that the Congress is reaffirming its commitment to maintaining a financially sound social security system without cutting benefits. This action should reassure all Americans, those working and those who are retired, that the Congress is dedicated to resolving the problems facing the social security system and that the Congress will continue to work toward that end.●

● Mr. HEFTEL. Mr. Speaker, I rise today in support of the conference version of H.R. 4331, concerning social security minimum benefits for retirees. I am pleased that House and Senate conferees have reached an agreement on this issue which is critical to millions of older Americans.

The importance of retaining the social security minimum benefit for current retirees has prevailed in conference, and I am pleased that Senate conferees have followed the House lead on this issue. The overwhelming House vote of 404 to 20 earlier this year to retain these benefits for current retirees is evidence of the unyielding support by the House for our Nation's senior citizens.

As first proposed by President Reagan earlier this year, elimination of the minimum benefit for 3.1 million retirees who have come to depend upon this small, monthly check for their livelihood would have been an unconscionable act. The economic security of this segment of our Nation's elderly population was at stake. The cost savings from such a shortsighted

proposal would have been miniscule in comparison to the human suffering that would have resulted.

I remain concerned, however, about the conferees' agreement to eliminate the minimum benefit for older Americans retiring after December 31, 1981. For many of these retirees, the minimum benefit could be their sole or primary source of income. In this time of grave economic instability and spiraling inflation rates, this monthly benefit could provide a small but important source of income for these retirees. Coupled with President Reagan's cuts in programs to aid the elderly poor, the elimination of the minimum benefit could bring severe hardship to this group of Americans.

Despite my objection to this provision of the conference agreement, I feel that the bill before us is the best possible compromise that could have been reached by the House and Senate conferees at this time. It addresses one of my primary concerns, as well as the concerns of a majority of my House colleagues—safeguarding social security minimum benefits for those now receiving them. I urge my colleagues to support the conference version of this legislation.●

● Mr. BENNETT. Mr. Speaker, I rise today to commend the members of the conference on H.R. 4331 for their agreement on restoration of the minimum benefit for those persons currently receiving it and for those eligible to receive it up to January 1, 1982.

I think virtually all of us would agree that the minimum benefit should be restored. Its elimination through the Omnibus Reconciliation Act of this summer caught most of us by surprise, and put all of us in a position we'd now like to reverse.

Immediately after passage of the Omnibus Reconciliation Act of 1981, I introduced H.R. 4212 to restore the minimum social security benefit to those who are currently receiving it and to those who would have become eligible to receive it over the next 3 years. I am certainly pleased that the conference has brought us a part of what I recommended and I urge all the Members of this body to vote in favor of it.●

Mr. HOLLENBECK. Mr. Speaker, I rise in support of the conference report on H.R. 4331, legislation restoring the minimum social security benefit for all current recipients.

This action is necessary to insure that the 3 million Americans currently entitled to the minimum benefit, many of whom have few if any other sources of income, do not suffer undue hardship.

I am pleased that my colleagues on the conference committee agreed to abandon the Senate provision which discriminated against the Federal retiree. However, as a past strong supporter of legislation restoring the minimum benefit for everyone eligible, both present and future, I regret that my colleagues did not see fit to sup-

port a compromise bill that granted benefits to future beneficiaries as well. In view of the fact that immediate steps are required to restore the minimum, I will cast my vote for H.R. 4331 with these reservations and will continue to work for full restoration of the minimum benefit.

● Mr. NELLIGAN. Mr. Speaker, I will vote in support of this conference report on minimum benefits today, but I feel it is only half a loaf.

I am very pleased that current minimum benefit recipients and those that will become eligible before the end of this year will continue to receive the benefit.

I am glad that the provisions the Senate added to take away the minimum benefit from certain Government pensioners has been eliminated.

And I believe that it is only appropriate and fair that members of religious orders continue to be covered by the minimum benefit, which they will be under this legislation.

This conference report has the further advantage of insuring the short-term solvency of the social security system by allowing funds to be borrowed from the health and disability trust funds for use in the hard-pressed retirement fund.

These are the positive points in this conference report, but I regret to say that there are at least two negative points.

First, the minimum benefit will not be continued for those coming onto the social security rolls next year and thereafter. The 1977 social security legislation already includes provisions to allow for the gradual phaseout of the minimum benefit. I oppose accelerating this process.

Why should we deny these benefits almost overnight to thousands of deserving people? I, myself, am particularly concerned over the thousands of homemakers who had the responsibility of keeping house and raising families, and who could not go out and work in the labor force for the years required to obtain more adequate social security benefits.

This conference report also allows for the first 6 months of sick leave to be taxed. I find it unfortunate that those who are struck by misfortune must be taxed. Why take from one needy group, the sick, to give to another needy group, the minimum benefit recipients?

Mr. Speaker, I feel that I must vote for this conference report because the good outweighs the bad. If we do not pass this conference report, present minimum benefit recipients will lose out, and that it is something I cannot condone. I feel it is important that we do what we can now, but I hope that legislation can be passed in the future to continue the minimum benefit for prospective recipients

Equity must prevail.●

● Mr. DREIER. Mr. Speaker, I rise to voice my strong support in favor of

the conference report which accompanies H.R. 4331. If we do not today pass this report, then we will indeed be perpetrating a cruel hoax on the millions of people who depend on receiving the minimum benefit. Balancing the budget at the expense of those who depend on this benefit is simply an unacceptable alternative. We in Congress have an obligation to treat social security beneficiaries with the utmost of dignity and respect.

I would also add that the provision of this report which authorizes interfund borrowing between the OASI fund and the health and disability insurance funds is both timely and essential if we are to maintain the short-term solvency of social security. In the long run, however, difficult decisions must be made to protect the financial integrity of the entire social security system. These efforts must be sincere and bi-partisan. Social security is too important to too many people to simply be banded about as a political football.●

● Mr. STARK. Mr. Speaker, we have before us today a conference agreement on social security minimum benefits that does not completely restore those benefits. It does restore them for the 3 million current recipients, but those who become eligible after this year will still lose the minimum benefit floor. I am not happy about this compromise, but I rise today in reluctant support of the agreement, because I believe it is crucial to restore benefits for the 3 million elderly poor citizens who have been held in cruel suspense since July, not knowing whether their benefits, in many cases their sole source of income, would be taken away from them.

This conference report is not perfect, and it is not what I would have wished to see; I would have preferred to see the House hold firm on its position to restore the minimum for all recipients, both current and future. The House very properly reversed itself on eliminating this benefit last August, at the very moment that we were finally approving the massive budget cuts in the omnibus reconciliation bill. We recognized then, as I do now, that elimination of the minimum benefit constituted the most blatant example of balancing the budget at the expense of the elderly poor, and we voted to restore the benefit completely.

The Senate, however, made extensive changes in our bill, limiting restoration of the minimum benefit only to some current beneficiaries, penalizing those current recipients with Government pensions severely, and eliminating the benefit for future beneficiaries. Furthermore, as the price for even this meager restoration, the Senate wanted to severely cut benefits for families of retired and deceased workers. In other words, they restored the minimum benefit for some current beneficiaries at the expense of widows and children receiving family benefits.

The House conferees, under these circumstances, made what I must concede is the best compromise we can expect. The cut in family benefits was rejected, the minimum benefit was restored for all current beneficiaries without exception, and borrowing among the three social security trust funds was provided, so that all beneficiaries can rest assured that their benefit payments will continue without interruption.

I very much regret that the House conferees could not have gone further, and held their position on restoration of the minimum benefit for future beneficiaries as well. But I do not think any better compromise can be expected, even if we reject this report now and require and conferees to meet again now or in January.

I cannot in good conscience vote against this report now, knowing that if no agreement is reached before we adjourn today, 3 million elderly Americans will receive a notice on January 6, informing them of the loss of their benefits in March. The suffering and confusion this would cause must be avoided at all costs and we must act now to remove all doubt from these elderly people's minds about whether their benefits will continue. It is for this reason, and because I do not feel any better solution will be reached later, even if we delay, that I reluctantly support the conference agreement.●

● Mr. OBERSTAR. Mr. Speaker, I rise in support of the conference report on H.R. 4331. I do so, not with enthusiasm, but out of a sense of realism, that this is the best we can do for the needy of our society under the Reagan administration and in this dispassionate Congress.

I do want to express my respect for Chairman PICKLE and the other House conferees on H.R. 4331 who held fast in opposition to the Senate's attempt to use the plight of minimum benefit recipients as a weapon to force substantial reductions in social security benefits to families. The Senate's proposed restrictions on restoration of the minimum benefit as well as their proposed cap on maximum family benefits was, in my opinion, a continuation of overreaction to the administration's scare tactics. Had these provisions received the thorough consideration they deserved in both bodies before approval, we would not be debating this legislation in the closing hours of this session of Congress.

I voted for H.R. 4331 to completely restore the minimum benefit to both present and future retirees when the House considered that measure on July 31. It is manifestly unfair to reduce promised benefits without providing time for people to adjust their retirement plans. Although this conference report does not restore all minimum beneficiaries to their status quo, it does insure that present annuitants will not face a cut in their monthly checks on April 3, 1982. To

me, that consideration is of overriding importance; it is the principal reason I am supporting the conference agreement.

Requiring social security taxes to be paid on the first 6 months of sick pay sounds, at first blush, rather harsh. On more careful analysis, however, it clearly is a valuable protection for wage earners. In short, while this provision exacts a price, it also offers a long-term benefit. Unless FICA taxes on income are paid, these wages will be excluded when benefits are determined at time of retirement, disability, or death. Including sick pay as regular, FICA-taxable income can be especially important for younger disabled workers who are allowed fewer drop-out years when benefits are computed on the basis of average lifetime income. In short, treating sick pay as income now means counting it for benefit purposes later, and that is a plus for retirees and disability beneficiaries alike.

The bill includes another very important feature: temporary authority for interfund borrowing. This will allow the transfer of funds, as required, between the old age and survivors trust fund, the disability trust fund, and the hospital insurance trust fund. This authority will assure adequate social security funds to pay benefits at least through most of 1983. This breathing space will give Congress time to reassess the performance of the economy and make any additional, long-term changes which may be necessary to carry the trust funds through the 1980's and beyond.

Rather than chopping away at social security benefit protection piecemeal, we, as a nation, need to reassess the proper role of social security as a reflection of the economy and as a vital part of an overall retirement income concept. In the course of that reassessment, a number of important questions must be answered, including:

Are alternative annuity plans in place if the role of social security is reduced?

Are those alternatives guaranteed and will they be adjusted for future changes in the cost of living?

What portion of our national retirement income should be advance funded, what portion pay-as-you-go?

What percentage of the projected long-range deficit is attributable to the income replacement provisions of social security; what percentage is attributable to anticipated future medical care needs of our aging population?

Should general revenue be used to partially finance benefits?

The answers to these questions will help us chart a responsible course for the future of social security.

Benefit reductions such as we have seen this year would not be necessary in a full employment economy. Increases in the already high rate of unemployment will, in the near future, bring more pressure for additional



cuts in retirement and survivor income benefits, further reducing the protection for people in an increasingly uncertain economy.

The Congress needs time to evaluate the economic picture and more carefully assess the need for changes in social security benefits or taxes without the threat of bankruptcy hanging over our heads. That is why the temporary financial solution offered by the conference agreement is vitally necessary. I urge my colleagues to support this measure. ●

● Mr. MARKEY. Mr. Speaker, I am both pleased and disappointed with the outcome of the minimum social security benefit conference report. The minimum benefit has rightfully caused much concern during the past few months, ever since the administration first proposed to eliminate this benefit for all current and future beneficiaries. By restoring the benefit for current beneficiaries until December 31, the conference committee has calmed some nerves—the nerves of those who have been losing their minimum benefit and those nearing retirement who are unsure of what to expect at retirement. I will vote for the conference report because it is a positive action.

Yet it is a limited, gutless action. It still leaves those future beneficiaries, approximately 84,000 in total for 1982, hanging. Termination of the minimum benefit means that elderly poor beneficiaries beginning in January 1982 will be forced to find some other source of income, be it SSI or State general assistance. Some 7,000 people, mostly women, who would be coming on the rolls in January will be hit hard. Some Christmas present.

My colleague, Congresswoman MARY ROSE OAKAR, is introducing a bill today which calls for restoration of the minimum benefit for future beneficiaries. I strongly urge my colleagues to join me in supporting this affirmative measure. Let us keep in mind we are talking about individuals, including the disabled, widows, widowers, displaced homemakers, who will lose an average of \$60 per month, leaving them with an income of \$780 a year. These people have worked the necessary number of quarters, but because of their low wages and intermittent work pattern will not receive the current minimum of \$122 per month—unless we act. Recognizing this, I am embarrassed. I am humiliated and disgusted. I only hope my colleagues will recognize what this will mean to many older citizens in 1982, and in the Christmas spirit act to reinstate the benefit for these deserving people. ●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and agree to the conference report on the bill, H.R. 4331.

The question was taken.

Mr. ROSTENKOWSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 412, nays 10, not voting 11, as follows:

[Roll No. 365]

YEAS—412

Addabbo	Derrick	Hatcher
Akaka	Derwinski	Hawkins
Albosta	Dickinson	Heckler
Alexander	Dicks	Hefner
Anderson	Dingell	Heftel
Andrews	Dixon	Hendon
Annunzio	Donnelly	Hertel
Anthony	Dorgan	Hightower
Applegate	Dornan	Hiller
Ashbrook	Dowdy	Hillis
Aspin	Downey	Holland
Atkinson	Dreier	Hollenbeck
Badham	Duncan	Holt
Bafalis	Dunn	Hopkins
Bailey (MO)	Dwyer	Horton
Bailey (PA)	Dymally	Howard
Barnard	Dyson	Hoyer
Barnes	Early	Hubbard
Beard	Eckart	Huckaby
Bedell	Edgar	Hughes
Bellenson	Edwards (AL)	Hunter
Benedict	Edwards (CA)	Hutto
Benjamin	Edwards (OK)	Hyde
Bennett	Emerson	Ireland
Bereuter	Emery	Jacobs
Bethune	English	Jeffords
Bevill	Erdahl	Jeffries
Blaggi	Erlenborn	Jenkins
Bingham	Ertel	Jones (NC)
Blanchard	Evans (DE)	Jones (OK)
Billey	Evans (GA)	Jones (TN)
Boggs	Evans (IA)	Kastenmeier
Boland	Evans (IN)	Kapen
Boner	Fary	Kemp
Bonior	Fascell	Kildee
Bonker	Fazio	Kindness
Bouquard	Fenwick	Kogovsk
Bowen	Ferraro	Kramer
Breaux	Fiedler	LaFalce
Brinkley	Fields	Lagomarsino
Brodhead	Findley	Lantos
Brooks	Fish	Latta
Broomfield	Fithian	Leach
Brown (CA)	Flippo	Leath
Brown (CO)	Florio	LeBoutillier
Brown (OH)	Foglietta	Lee
Broyhill	Foley	Lehman
Burton, Phillip	Ford (MI)	Lent
Butler	Ford (TN)	Levitas
Byron	Forsythe	Lewis
Campbell	Fountain	Livingston
Carman	Fowler	Loeffler
Carney	Frank	Long (LA)
Chappell	Frenzel	Long (MD)
Chapple	Frost	Lott
Cheney	Fuqua	Lowery (CA)
Chisholm	Garcia	Lowry (WA)
Clausen	Gaydos	Lujan
Clay	Gejdenson	Luken
Clinger	Gephardt	Lungren
Coats	Gibbons	Madigan
Coelho	Gingrich	Markey
Coleman	Ginn	Marks
Collins (IL)	Glickman	Marlenee
Collins (TX)	Goldwater	Marriott
Conable	Gonzalez	Martin (IL)
Conte	Goodling	Martin (NC)
Conyers	Gore	Martin (NY)
Corcoran	Gradison	Matsui
Coughlin	Gramm	Mattox
Courter	Gray	Mavroules
Coyne, James	Green	Mazzoli
Coyne, William	Gregg	McClory
Craig	Grisham	McCloskey
Crockett	Guarini	McCollum
D'Amours	Gunderson	McCurdy
Daniel, Dan	Hagedorn	McDade
Daniel, R. W.	Hall (OH)	McEwen
Danielson	Hall, Ralph	McGrath
Dannemeyer	Hall, Sam	McHugh
Daschle	Hamilton	McKinney
Daub	Hammerschmidt	Mica
Davis	Hance	Michel
de la Garza	Hansen (ID)	Mikulski
Deckard	Hansen (UT)	Miller (CA)
Dellums	Harkin	Miller (OH)
DeNardis	Hartnett	Mineta

Minish	Ritter	Stark
Mitchell (MD)	Roberts (KS)	Stanton
Mitchell (NY)	Roberts (SD)	Stenholm
Moakley	Robinson	Stokes
Moffett	Rodino	Stratton
Molinari	Roe	Studds
Mollohan	Roemer	Stump
Montgomery	Rogers	Swift
Moore	Rose	Synar
Morrison	Rosenthal	Tauke
Murphy	Rostenkowski	Tauzin
Murtha	Roth	Taylor
Myers	Roukema	Thomas
Napier	Roybal	Traxler
Natcher	Rudd	Udall
Neal	Sabo	Vander Jagt
Nelligan	Santini	Volkmer
Nelson	Savage	Walgren
Nichols	Sawyer	Walker
Nowak	Scheuer	Wampler
O'Brien	Schneider	Washington
Oakar	Schroeder	Watkins
Oberstar	Schulze	Waxman
Obey	Schumer	Weaver
Ottinger	Seiberling	Weber (MN)
Oxley	Sensenbrenner	Weber (OH)
Panetta	Shamansky	Weiss
Parris	Shannon	White
Pashayan	Sharp	Whitehurst
Patman	Hoyer	Whitley
Patterson	Hubbard	Whittaker
Pease	Huckaby	Whitten
Pepper	Hughes	Williams (OH)
Perkins	Hunter	Wilson
Petri	Hutto	Winn
Peyser	Hyde	Wirth
Pickle	Ireland	Wolf
Porter	Jacobs	Wolpe
Price	Jeffords	Wortley
Pritchard	Jeffries	Wright
Pursell	Jenkins	Wyden
Quillen	Jones (NC)	Wylie
Rahall	Jones (OK)	Yates
Rallsback	Jones (TN)	Yatron
Rangel	Kastenmeier	Young (AK)
Ratchford	Kapen	Young (FL)
Regula	Kemp	Young (MO)
Reuss	Kildee	Zablocki
Rhodes	Kindness	Zerferetti
Richmond	Kogovsk	
Rinaldo	Kramer	
	LaFalce	
	Lagomarsino	
	Lantos	
	Latta	
	Leach	
	Leath	
	LeBoutillier	
	Lee	
	Lehman	
	Lent	
	Levitas	
	Lewis	
	Livingston	
	Loeffler	
	Long (LA)	
	Long (MD)	
	Lott	
	Lowery (CA)	
	Lowry (WA)	
	Lujan	
	Luken	
	Lungren	
	Madigan	
	Markey	
	Marks	
	Marlenee	
	Marriott	
	Martin (IL)	
	Martin (NC)	
	Martin (NY)	
	Matsui	
	Mattox	
	Mavroules	
	Mazzoli	
	McClory	
	McCloskey	
	McCollum	
	McCurdy	
	McDade	
	McEwen	
	McGrath	
	McHugh	
	McKinney	
	Mica	
	Michel	
	Mikulski	
	Miller (CA)	
	Miller (OH)	
	Mineta	

NAYS—10

Archer	Johnston	Rousselot
Crane, Daniel	Lundine	Williams (MT)
Crane, Philip	Mottl	
Gilman	Paul	

NOT VOTING—11

AuCoin	Dougherty	Russo
Bolling	Leland	Trible
Burgener	McDonald	Vento
Burton, John	Moorhead	

□ 1230

The Clerk announced the following pairs:

On this vote:

Mr. AuCoin and Mr. Leland for, with Mr. Vento against.

Messrs. RANGEL, HILLIS, and D'AMOURS changed their votes from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.





Public Law 97-123  
97th Congress

An Act

To amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

Dec. 29, 1981  
[H.R. 4331]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Social Security Act, amendment.

INTERFUND BORROWING

SECTION 1. (a) Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

42 USC 401.

“(1) If at any time prior to January 1983 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, the Managing Trustee may borrow such amounts as he determines to be appropriate from the other such Trust Fund, or from the Federal Hospital Insurance Trust Fund established under section 1817, for transfer to and deposit in the Trust Fund whose need for financing is involved.

42 USC 1395i.

“(2) In any case where a loan has been made to a Trust Fund under paragraph (1), there shall be transferred from time to time, from the borrowing Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (d).

Interest.

“(3) If in any month after a loan has been made to a Trust Fund under paragraph (1), the Managing Trustee determines that the assets of such Trust Fund are sufficient to permit repayment of all or part of any loans made to such Fund under paragraph (1), he shall make such repayments as he determines to be appropriate.

Repayments.

“(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection.”.

Report to Congress.

(b) Section 1817 of such Act is amended by adding at the end thereof the following new subsection:

42 USC 1395i.

“(j)(1) If at any time prior to January 1983 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Hospital Insurance Trust Fund, the Managing Trustee may borrow such amounts as he determines to be appropriate from either the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund for transfer to and deposit in the Federal Hospital Insurance Trust Fund.

“(2) In any case where a loan has been made to the Federal Hospital Insurance Trust Fund under paragraph (1), there shall be transferred from time to time, from such Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (c).

Interest

## Repayments.

“(3) If in any month after a loan has been made to the Federal Hospital Insurance Trust Fund under paragraph (1), the Managing Trustee determines that the assets of such Trust Fund are sufficient to permit repayment of all or part of any loans made to such Fund under paragraph (1), he shall make such repayments as he determines to be appropriate.

## Report to Congress.

“(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection.”

Effective date.  
42 USC 401 note.

(c) The amendments made by this section shall be effective on the date of the enactment of this Act.

## CONTINUATION OF MINIMUM BENEFITS FOR EXISTING BENEFICIARIES

*Ante*, p. 830.

SEC. 2. (a)(1) Section 215(a)(5) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(A) in the first sentence, by striking out “, and the table for determining primary insurance amounts and maximum family benefits contained in this section in December 1978 shall be modified as specified in paragraph (6)”; and

(B) in the last sentence, by striking out “, modified by the application of paragraph (6).”

(2) Section 215(a)(6)(A) of the Social Security Act (as added by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is amended by striking out “The table of benefits” and all that follows down through “shall be extended” and inserting in lieu thereof the following “In applying the table of benefits in effect in December 1978 under this section for purposes of the last sentence of paragraph (4), such table, revised as provided by subsection (i), as applicable, shall be extended”.

(b) Section 215(f)(7) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(1) by striking out the period at the end of the second sentence and inserting in lieu thereof “, and (effective January 1982) the recomputation shall be modified by the application of subsection (a)(6) where applicable.”; and

(2) by striking out the last sentence.

(c) Section 215(i)(2)(A)(iii) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by inserting after “this title” the following: “and, with respect to a primary insurance amount determined under subsection (a)(1)(C)(i)(I) in the case of an individual to whom that subsection (as in effect in December 1981) applied, subject to the provisions of subsection (a)(1)(C)(i) and clauses (iv) and (v) of this subparagraph (as then in effect)”.

(d) Section 215(i)(4) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out “, modified by the application of subsection (a)(6),” each place it appears.

*Ante*, p. 830.

(e) Section 202(q) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended—

(1) in paragraph (4), by striking out “changed” and “change” each place they appear and inserting in lieu thereof “increased” and “increase”, respectively; and

(2) in paragraph (10), by striking out “changed”, “change”, and “changes” each place they appear and inserting in lieu thereof “increased”, “increase”, and “increases”, respectively.

(f) Section 203(a)(8) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out “, modified by the application of section 215(a)(6).”

*Ante*, p. 830.

(g) Section 217(b)(1) of the Social Security Act (as amended by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is further amended by striking out “, and as modified by the application of section 215(a)(6).”

(h) Section 1622 of the Social Security Act (as added by section 2201 of the Omnibus Budget Reconciliation Act of 1981) is repealed.

Repeal.

*Ante*, p. 830.

(i) Subsection (e) of section 2201 of the Omnibus Budget Reconciliation Act of 1981 is repealed.

42 USC 415 note.

*Ante*, p. 830.

(j)(1) Subsection (h) of section 2201 of the Omnibus Budget Reconciliation Act of 1981 is repealed, effective September 1, 1981.

42 USC 1382

note.

42 USC 415 note.

(2) Except as provided in paragraphs (3) and (4), the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (other than subsection (f) thereof), together with the amendments made by the preceding subsections of this section, shall apply with respect to benefits for months after December 1981; and the amendment made by subsection (f) of such section 2201 shall apply with respect to deaths occurring after December 1981.

(3) Such amendments shall not apply—

(A) in the case of an old-age insurance benefit, if the individual who is entitled to such benefit first became eligible (as defined in section 215(a)(3)(B) of the Social Security Act) for such benefit before January 1982,

42 USC 415.

(B) in the case of a disability insurance benefit, if the individual who is entitled to such benefit first became eligible (as so defined) for such benefit before January 1982, or attained age sixty-two before January 1982,

(C) in the case of a wife's or husband's insurance benefit, or a child's insurance benefit based on the wages and self-employment income of a living individual, if the individual on whose wages and self-employment income such benefit is based is entitled to an old-age or disability insurance benefit with respect to which such amendments do not apply, or

(D) in the case of a survivors insurance benefit, if the individual on whose wages and self-employment income such benefit is based died before January 1982, or dies in or after January 1982 and at the time of his death is eligible (as so defined) for an old-age or disability insurance benefit with respect to which such amendments do not apply.

(4) In the case of an individual who is a member of a religious order (within the meaning of section 3121(r)(2) of the Internal Revenue Code of 1954), or an autonomous subdivision of such order, whose members are required to take a vow of poverty, and which order or subdivision elected coverage under title II of the Social Security Act before the date of the enactment of this Act, or who would be such a member except that such individual is considered retired because of old age or total disability, paragraphs (2) and (3) shall apply, except that each reference therein to “December 1981” or “January 1982” shall be considered a reference to “December 1991” or “January 1992”, respectively.

26 USC 3121.

42 USC 401.

## EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY

42 USC 409.

**SEC. 3.** (a) Clause (2) of section 209(b) of the Social Security Act is amended by inserting immediately after "sickness or accident disability" the following: "(but, in the case of payments made to an employee or any of his dependents, this clause shall exclude from the term 'wages' only payments which are received under a workmen's compensation law)".

26 USC 3121.  
26 USC 3126.

(b)(1) Subparagraph (B) of section 3121(a)(2) of the Internal Revenue Code of 1954 (defining wages for purposes of the Federal Insurance Contributions Act) is amended to read as follows:

"(B) sickness or accident disability (but, in the case of payments made to an employee or any of his dependents, this subparagraph shall exclude from the term 'wages' only payments which are received under a workmen's compensation law), or"

(2) Section 3121(a) of such Code is further amended by adding at the end thereof (after and below paragraph (18)) the following new sentence:

"Except as otherwise provided in regulations prescribed by the Secretary, any third party which makes a payment included in wages solely by reason of the parenthetical matter contained in subparagraph (B) of paragraph (2) shall be treated for purposes of this chapter and chapter 22 as the employer with respect to such wages."

26 USC 3201 *et*  
*seq.*  
26 USC 3231.  
26 USC 3233.

(c) Subsection (e) of section 3231 of such Code (defining compensation for purposes of the Railroad Retirement Tax Act) is amended by adding at the end thereof the following new paragraph:

"(4)(A) For purposes of applying sections 3201(b) and 3221(b) (and so much of section 3211(a) as relates to the rates of the taxes imposed by sections 3101 and 3111), in the case of payments made to an employee or any of his dependents on account of sickness or accident disability, clause (i) of the second sentence of paragraph (1) shall exclude from the term 'compensation' only—

"(i) payments which are received under a workmen's compensation law, and

45 USC 231t.

"(ii) benefits received under the Railroad Retirement Act of 1974.

45 USC 352.

"(B) Notwithstanding any other provision of law, for purposes of the sections specified in subparagraph (A), the term 'compensation' shall include benefits paid under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness, except to the extent that such sickness (as determined in accordance with standards prescribed by the Railroad Retirement Board) is the result of on-the-job injury.

"(C) Under regulations prescribed by the Secretary, subparagraphs (A) and (B) shall not apply to payments made after the expiration of a 6-month period comparable to the 6-month period described in section 3121(a)(4).

"(D) Except as otherwise provided in regulations prescribed by the Secretary, any third party which makes a payment included in compensation solely by reason of subparagraph (A) or (B) shall be treated for purposes of this chapter as the employer with respect to such compensation."

26 USC 3121  
note.  
26 USC 3121.  
*Supra.*

(d)(1) The regulations prescribed under the last sentence of section 3121(a) of the Internal Revenue Code of 1954, and the regulations prescribed under subparagraph (D) of section 3231(e)(4) of such Code, shall provide procedures under which, if (with respect to any employee) the third party promptly—

(A) withholds the employee portion of the taxes involved,  
 (B) deposits such portion under section 6302 of such Code, and  
 (C) notifies the employer of the amount of the wages or compensation involved,  
 the employer (and not the third party) shall be liable for the employer portion of the taxes involved and for meeting the requirements of section 6051 of such Code (relating to receipts for employees) with respects to the wages or compensation involved.

26 USC 6302.

(2) For purposes of paragraph (1)—

Definitions.

(A) the term “employer” means the employer for whom services are normally rendered,

(B) the term “taxes involved” means, in the case of any employee, the taxes under chapters 21 and 22 which are payable solely by reason of the parenthetical matter contained in subparagraph (B) of section 3121(a)(2) of such Code, or solely by reason of paragraph (4) of section 3231(e) of such Code, and

26 USC 3101 *et seq.*, 3201 *et seq.*

(C) the term “wages or compensation involved” means, in the case of any employee, wages or compensation with respect to which taxes described in subparagraph (B) are imposed.

(e) For purposes of applying section 209 of the Social Security Act, section 3121(a) of the Internal Revenue Code of 1954, and section 3231(e) of such Code with respect to the parenthetical matter contained in section 209(b)(2) of the Social Security Act or section 3121(a)(2)(B) of the Internal Revenue Code of 1954, or with respect to section 3231(e)(4) of such Code (as the case may be), payments under a State temporary disability law shall be treated as remuneration for service.

26 USC 3121 note.  
42 USC 409.  
26 USC 3121.

(f) Notwithstanding any other provision of law, no penalties or interest shall be assessed on account of any failure to make timely payment of taxes, imposed by section 3101, 3111, 3201(b), 3211, or 3221(b) of the Internal Revenue Code of 1954 with respect to payments made for the period beginning January 1, 1982, and ending June 30, 1982, to the extent that such taxes are attributable to this section (or the amendments made by this section) and that such failure is due to reasonable cause and not to willful neglect.

26 USC 3101 note.

(g)(1) Except as provided in paragraph (2), this section (and the amendments made by this section) shall apply to remuneration paid after December 31, 1981.

26 USC 3101, 3111, 3201, 3211, 3221.

(2) This section (and the amendments made by this section) shall not apply with respect to any payment made by a third party to an employee pursuant to a contractual relationship of an employer with such third party entered into before December 14, 1981, if—

26 USC 3121 note.

(A) coverage by such third party for the group in which such employee falls ceases before March 1, 1982, and

(B) no payment by such third party is made to such employee under such relationship after February 28, 1982.

#### PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

SEC. 4. (a) Section 208(g) of the Social Security Act is amended— 42 USC 408.

(1) by inserting “or for the purpose of obtaining anything of value from any person,” before “or for any other purpose” in the matter preceding paragraph (1); and

(2) by adding after paragraph (2) the following new paragraph:

“(3) knowingly alters a social security card issued by the Secretary, buys or sells a card that is, or purports to be, a card so issued, counterfeits a social security card, or possesses a social

security card or counterfeit social security card with intent to sell or alter it; or”.

42 USC 408.

(b) Section 208 of such Act is further amended by striking out “shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both” in the matter following subsection (h) and inserting in lieu thereof “shall be guilty of a felony and upon conviction thereof shall be fined not more than \$5,000 or imprisoned for not more than five years, or both”.

Effective date.  
42 USC 408 note.

(c) The amendments made by subsections (a) and (b) shall be effective with respect to violations committed after the date of the enactment of this Act.

**STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE  
DEMONSTRATION PROJECTS**

42 USC 632a.  
*Ante*, p. 802.

SEC. 5. The last sentence of subsection (c)(2) of section 966 of the Omnibus Reconciliation Act of 1980 (as added by section 2156 of the Omnibus Budget Reconciliation Act of 1981) is amended by inserting “with at least seven States” after “agreements”.

**INFORMATION WITH RESPECT TO PRISONERS**

42 USC 423.

SEC. 6. Section 223(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

“(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, any agency of the United States Government or of any State (or political subdivision thereof) shall make available to the Secretary, upon written request, the name and social security account number of any individual who is confined in a jail, prison, or other penal institution or correctional facility under the jurisdiction of such agency, pursuant to his conviction of an offense which constituted a felony under applicable law, which the Secretary may require to carry out the provisions of this subsection.”.

**REPORT TO CONGRESS**

**SEC. 7. The Secretary of Health and Human Services shall report to the Congress within ninety days after the date of the enactment of this Act with respect to the actions being taken to prevent payments from being made under title II of the Social Security Act to deceased individuals, including to the extent possible the use of the death records available under the medicare program to screen the cash benefit rolls for such deceased individuals.**

42 USC 401.

Approved December 29, 1981.

---

**LEGISLATIVE HISTORY—H.R. 4331:**

HOUSE REPORT No. 97-409 (Comm. of Conference).  
CONGRESSIONAL RECORD, Vol. 127 (1981):

July 31, considered and passed House.

July 31, Oct. 14, 15, considered and passed Senate, amended.

Dec. 15, Senate agreed to conference report.

Dec. 16, House agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 17, No. 53 (1981):

Dec. 29, Presidential statement.







## Social Security Legislation

---

*Statement on Signing H.R. 4331 Into Law.  
December 29, 1981*

---

I have signed into law H.R. 4331, a bill that substantially incorporates the social security changes which I urged in my address of September 24 to the Nation—restoration of the minimum benefit for people receiving that benefit, and interfund borrowing to tide the system over while the new National Commission on Social Security Reform develops a bipartisan plan to achieve long-lasting solutions to social security's financing problems.

I commend the Congress for its action on this bill, especially the chairmen and members of the House Committee on Ways and Means and Senate Committee on Finance.

There is no more important domestic issue on which we have to have a national consensus than social security, because it affects just about all of us either as current beneficiaries or current taxpayers. Continuing the minimum benefit for present beneficiaries reflects a bipartisan consensus, which I strongly support.

We all know that interfund borrowing is just a temporary solution to the financing difficulties ahead for social security, which are real and serious. The bill authorizes interfund borrowing until the end of 1982, the same time the new National Commission on Social Security Reform is scheduled to report its recommendations.

I am determined that we put social security back on a sound financial footing and restore the confidence and peace of mind of the American public in its social security system. That is the reason for the National Commission which I proposed in September and the members of which Majority Leader Baker, Speaker O'Neill, and I have just selected. I am confident that after they have reviewed all the options and agreed on a plan to assure the fiscal integrity of social security, the administration and the Congress will work together swiftly to enact legislation to restore the financial soundness of the social security system.

I believe that we should build any social security rescue plan around three very basic principles:

*First*, we must preserve the integrity of the trust funds and the basic social security benefit structure.

*Second*, we must eliminate abuses within the system and elements of the system which duplicate other programs, both of which could rob beneficiaries of their hard-earned benefits.

*Third*, we must hold down the tax burden on current and future workers.

I believe in those principles, and I think that a great majority of the American people believe in them, too.

I believe in the social security system. I believe that it will survive and keep its promise to this generation of beneficiaries and those to come.

*Note: As enacted, H.R. 4331 is Public Law 97-123, approved December 29.*



# **Restoration of Certain Minimum Benefits and other OASDI Program Changes: Legislative History and Summary of Provisions**

by John A. Svahn



---

# Restoration of Certain Minimum Benefits and Other OASDI Program Changes: Legislative History and Summary of Provisions

by John A. Svahn\*

---

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), enacted on August 13, 1981, contained a provision to eliminate the minimum-benefit provision under the Social Security program for both current and future beneficiaries. Although a large majority of the members of both Houses of Congress accepted the measure in the broad context of the Reconciliation Act, there was considerable reaction against it and the provision was reconsidered. On December 29, 1981, new legislation restored the minimum benefit for current, but not future, beneficiaries. To lessen the cash-flow problems of the Old-Age and Survivors Insurance (OASI) program, Public Law 97-123 also authorizes borrowing among the several trust funds and calls for the coverage, for Social Security tax and benefit purposes, of sick pay during the first 6 months of nonwork. In this article, the Commissioner of Social Security traces the legislative development of these and other provisions contained in the new law. He points out that, although the added expenditures for minimum benefits ultimately will be offset by the coverage of sick pay, the net short-term effect of the two provisions will be higher program costs. The interfund borrowing provision, however, could permit the payment of benefits on a timely basis throughout 1982 and the first 6 months of 1983.

---

Under the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), enacted on August 13, 1981, persons initially becoming eligible for Social Security after October 1981 were to be entitled only to a wage-related benefit, not the regular minimum benefit, if higher. For all other beneficiaries, the minimum benefit was similarly eliminated for months after February 1982. Persons aged 60-64 whose benefits were reduced under this provision and who would have been eligible for Supplemental Security Income (SSI) payments had they been aged 65 or older were to be eligible for a special SSI payment in an amount not to exceed the difference between their newly reduced Social Security benefit and the amount that they had been receiving under prior law.<sup>1</sup>

\*Commissioner of Social Security.

<sup>1</sup> For details on the provisions of Public Law 97-35, see John A. Svahn, "Omnibus Reconciliation Act of 1981: Legislative History and Summary of the OASDI and Medicare Provisions," *Social Security Bulletin*, October 1981, pages 3-24.

---

On December 29, 1981, President Reagan signed into law H.R. 4331, a bill "to amend the Omnibus Budget Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act" (Public Law 97-123). The new legislation restores such benefits to those who became eligible for them before January 1982 and makes changes that will lessen the cash-flow problems of the Old-Age and Survivors Insurance Trust Fund in 1982. The major provisions of Public Law 97-123 are:

- (1) **Minimum benefit.** The minimum benefit is restored for persons who became eligible in 1981 or earlier. The minimum benefit is eliminated only for new beneficiaries—those who reach age 62 or become disabled after 1981 and the survivors of those who die after that year. However, under a special exception, the minimum benefit is retained for individuals eligible after 1981 and before 1992 who are members of a religious order under a vow of poverty which

had elected to be covered under Social Security before December 29, 1981 (the date of enactment).

- (2) **Interfund borrowing.** The Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and Hospital Insurance (HI) Trust Funds are authorized to borrow from one another through December 31, 1982 (with provision for repayment with interest).
- (3) **Sick pay.** Coverage as wages for Social Security tax and benefit purposes is provided for all sick pay through the first 6 calendar months of non-work. Included are payments by insurance companies and payments under State temporary disability insurance laws (and under the railroad temporary disability insurance program). Any portion of such sickness benefits paid for by employee contributions will not be covered.

## Background and Legislative History

Throughout the first half of 1981, while the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) was under consideration, there was substantial discussion about the proposal to eliminate the Social Security minimum benefit, which was included in that legislation. For example, Chairman Pickle of the Subcommittee on Social Security of the House Ways and Means Committee introduced a bill (H.R. 3207) which would have retained the minimum benefit for those on the rolls, but not for future eligibles. In June, the Senate defeated, by a vote of 53 to 45, a proposal by Senator Riegle that would have retained the minimum benefit for those on the rolls. As briefly discussed in the October issue of the *Social Security Bulletin*,<sup>2</sup> the House of Representatives passed on July 31—the same day that it gave final approval to the Omnibus Budget Reconciliation Act of 1981—a bill (H.R. 4331) to fully restore the minimum Social Security benefit, not only for those on the rolls, but also for all future eligibles.

Also, as the time remaining for additional substantial legislation in 1981 grew shorter, there was increasing interest in action to deal with the fact that the financing projections for Social Security continued to show that the OASI Trust Fund would be unable to meet its benefit obligations in a timely manner in late 1982. In September, the Senate Finance Committee held hearings to review the financial status of the program and alternative proposals for dealing with the long-range problems. In a nationwide address on September 24, President Reagan discussed the financial condition of the Social Security program and took

note of the concern that the provision for the elimination of the minimum benefit (which provision had been enacted in the Omnibus Budget Reconciliation Act) may have affected some people who were, in fact, in financial need. He stated: "I am therefore asking . . . for restoration of the minimum payment and for interfund borrowing as a temporary measure to give us some time to seek a permanent solution." The President also announced the establishment of a 15-member bipartisan commission—with five members nominated by the House of Representatives, five by the Senate, and five appointed by him—to review the status of the OASDI program and make recommendations to assure the financial integrity of the system. (This National Commission on Social Security Reform, which was appointed on December 16, 1981, after final congressional consideration of H.R. 4331, is due to submit its final report by December 31, 1982.<sup>3</sup>)

## Action in the House of Representatives

As noted earlier, on July 31, 1981, the House passed (404 to 20) H.R. 4331, a bill to restore the minimum Social Security benefit as in effect before enactment of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) for all current and future beneficiaries. The House did not again consider major Social Security legislation until after Senate consideration of H.R. 4331.

## Action in the Senate

The House-passed bill was sent to the Senate on July 31, where it was "held at the desk" so that it could be called up for consideration at any time, rather than being referred to the Senate Finance Committee.

**Senate Finance Committee action.** On July 7, Secretary of Health and Human Services Richard S. Schweiker testified before the Subcommittee on Social Security and Income Maintenance Programs of the Senate Finance Committee on the financial status of the OASDI program and on the Administration's long-range proposals. The Finance Committee held further public hearings on July 9 and 10. Subsequently, on September 23 and 24, the Committee met to discuss further the overall financial status of the program and alternative proposals which, with new legislation relating to the restoration of the minimum benefit, might at least maintain the near-term financial situation. In other words, it was believed that any increased cost arising from the restoration of the minimum-benefit provision should be met by other changes (either decreasing benefit outgo or increasing tax income, or both).

<sup>2</sup> John A. Svahn, *op. cit.*

<sup>3</sup> The names of Commission members appear on page 1 of the January 1982 issue of the *Social Security Bulletin*.



On September 24, the Senate Finance Committee approved (19 to 0) a Social Security package that proposed:

- (1) Restoring the minimum benefit for persons eligible before November 1981, except for those who were receiving Federal, State, or local government-employee pensions in excess of \$300 a month and those residing outside the United States. Persons receiving government-employee pensions of more than \$300 a month would have been entitled to a Social Security benefit based on their actual covered earnings or, if larger, the minimum benefit reduced by the amount by which their government-employee pension exceeded \$300. Also, entitlement to the minimum benefit would have been retained for individuals eligible after October 1981 and before November 1991 if they were covered under the 1972 provision which permits coverage of members of religious orders under a vow of poverty, at the election of the order.
- (2) Reallocating Social Security taxes among the OASI, DI, and HI Trust Funds to address the short-range financing problems of the 1980's.
- (3) Providing authority for interfund borrowing between the OASI and DI Trust Funds as a fall-back measure. (The HI Trust Fund, however, would not have been permitted to borrow from or lend to the OASI and DI Trust Funds.) Such authorization would have been effective only through December 31, 1990.
- (4) Extending Social Security coverage and taxes to sick pay through the first 6 calendar months of sick pay in certain cases (generally, when paid directly by the employer under a plan and from the regular wage and salary account of the employer).
- (5) Extending the disability maximum family benefit—150 percent of the Primary Insurance Amount (PIA), but not more than 85 percent of average indexed monthly earnings (and not less than 100 percent of PIA)—to retirement and survivor cases.

Proposals somewhat similar to the last four of these provisions had been included in the Administration's tentative long-range package as announced on May 12.<sup>4</sup>

**Senate floor action.** There was, in late September, some uncertainty as to the form that floor action might take. For example, some thought was given to possibly adding the Social Security proposals to other legislation, such as a bill to extend the debt ceiling, which was ex-

pected to be passed very quickly. It was decided, however, that the Social Security changes would be drafted in the form of a substitute for the House-passed provisions of H.R. 4331, the bill to restore the Social Security minimum benefit.

When the Senate took up H.R. 4331 on October 14, Senator Dole, Chairman of the Senate Finance Committee, offered the Committee's amendment as a complete substitute for the House bill. The Senate accepted the Committee amendment by voice vote. In the course of the Senate floor debate, a number of additional proposals and a substitute sick pay provision were agreed to. As passed by the Senate (95 to 0) on October 15, H.R. 4331 contained the following provisions in addition to those agreed to by the Senate Finance Committee:

- (1) Extend Social Security coverage of sick pay. Under a floor amendment, all sick pay paid through the first 6 calendar months would have been covered, except payments under a State temporary disability insurance law or workers' compensation plan, or certain payments made by insurance companies.
- (2) Require the General Accounting Office to study the management efficiency, employee productivity, and technical capacities of the Social Security Administration.
- (3) Require a new separate annual statement of requests for new budget authority, estimates of outlays and revenues, and estimates of deficits or surpluses for the Social Security trust funds.
- (4) Require agencies of the U.S. Government or of any State or locality to release information necessary to carry out the provision relating to the prohibition of payments to prisoners.
- (5) Require a report within 90 days on the optimum system to improve the current "report of death" procedures.
- (6) Increase the maximum penalties for the misuse of Social Security numbers and other Social Security related offenses.
- (7) Resolve that it is the sense of the Congress that future legislative changes will not reduce the OASDI benefits to which individuals are entitled in the month of enactment.
- (8) Require that Social Security cards be issued on banknote-quality paper.
- (9) Require the establishment of at least seven demonstration projects involving the use of AFDC recipients as home health aides.
- (10) Provide increased revenues for the Highway Trust Fund (an unrelated Department of Transportation matter).

<sup>4</sup> See John A. Svahn, *op cit.*, page 6.

## Subsequent Action in the House of Representatives

When H.R. 4331 was passed by the Senate and sent back to the House of Representatives, the House did not immediately act on the bill and appoint conferees. Instead, the House leadership and the Committee on Ways and Means deliberated on whether there might be support for adopting more far-reaching financing and benefit changes as part of H.R. 4331. On November 4, the Ways and Means Committee voted on several alternative approaches, as follows:

- (1) A proposal by Chairman Pickle of the Subcommittee on Social Security and Representative Conable which would have (a) adjusted the dollar bend points in the PIA benefit formula each year in 1983-85 by 50 percent (rather than 100 percent) of wage increases,<sup>5</sup> (b) increased the age of eligibility for full benefits from 65 to 67 over the period 1990-2000, and (c) based cost-of-living increases on the lesser of wage or price increases, beginning in 1983. This proposal was defeated 18 to 14.
- (2) A proposal by Representative Gradison to separate the operations of the Social Security trust funds from the unified budget. This proposal was defeated 18 to 15.

Thus, the decision was to go to conference with the Senate, on the basis of the complete restoration of the minimum benefit, as in H.R. 4331 as passed by the House of Representatives in July.

Later on November 4, the House formally appointed conferees on H.R. 4331. They were instructed, under a motion by Representative Conable (ranking minority member on the Ways and Means Committee), to assure that persons currently receiving Social Security would not have their benefits reduced and to reject provisions relating to changes in Social Security tax allocations.

## Action in House-Senate Conference

The Conference Committee on H.R. 4331 met on November 4 and 16 and again on December 14, when it reached agreement. Although the staffs of the House Ways and Means and the Senate Finance Committees were active throughout November in seeking to work out compromises, the conferees were close to deadlock over the extent to which the legislation should include measures to offset the cost of restoring the minimum benefit.

<sup>5</sup> This approach was similar to a May 1981 Administration proposal, except that the latter reduction would have been effective in 1982-87. See John A. Svahn, *op cit.*, page 6.

Some House conferees took the position that (a) the repeal of the minimum benefit under Public Law 97-35 had simply been a mistake, (b) no "savings" should have been attributed to that change initially, and (c) therefore, no additional financing or offsetting reductions in future benefits should be required to restore the minimum. (Restoration of the minimum benefit for current beneficiaries was expected to cost from \$6 billion to \$7 billion over the period 1982-86.) Some House conferees thought that if the House accepted the Senate proposal for sick-pay coverage (involving additional income of, at most, \$4.4 billion over the 5-year period) and yielded to the Senate with respect to elimination of the minimum benefit for future beneficiaries, it should not also accept the Senate provision that would have limited the amount of the maximum family benefit for families of workers who reached age 62 or who died before reaching age 62 in 1982 or later. Also, some House conferees thought that it would be undesirable to include in this bill financing or other measures that might reduce pressures for more lasting financing solutions in 1982.

On the other hand, the Senate conferees believed that they could not accept a bill partially restoring the minimum benefit unless it would leave the OASI and DI Trust Funds in at least as strong a position as they would have been in if the provision eliminating the minimum benefit for those currently on the rolls and for future new eligibles were to have remained in effect. Because the additional revenues from the extension of coverage to certain sick pay would not be sufficient over the short range to cover the cost of restoration of the minimum benefit for those on the rolls, they believed that some further limitation on family benefits for future cases over that in existing law should be included in the bill.

As time for action on the minimum benefit grew short and as it was increasingly clear that, regardless of what actions were taken with respect to the maximum family benefit, the Congress would need to consider basic Social Security financing and benefit proposals soon again, the minimum-benefit issue took precedence over the issue of the net short-range fiscal impact of the changes in H.R. 4331. The Senate conferees agreed to drop the proposed prospective lower maximum family benefits for families of retired and deceased workers.

Another area of difficulty concerned the Senate-passed provisions for reallocation of OASDI-HI tax rates. Shortly after the revised tax schedules had been adopted by the Senate Finance Committee (in the form later passed by the Senate), significant revisions in the cost estimates for the Hospital Insurance program were released. On the basis of these new estimates, the proposed revisions in the tax schedules would no longer be appropriate. Therefore, to overcome difficulties associated with precise shifts in the tax-rate schedules, the

Conference Committee agreed to drop the Senate provision relating to these schedules, and to include the Hospital Insurance Trust Fund in the provision for interfund borrowing authority. Although in a technical sense this agreement went somewhat beyond the scope of the conference, it was clearly in line with the intent of the Senate bill and the instruction to the House conferees. Thus, it was acceptable to the conferees. During the conference, and later when this provision was considered on the floor of both Houses, there was discussion of the likelihood that the December 31, 1982, termination date for the borrowing authority might lead to further financing legislation late in the second session of the 97th Congress—possibly by a lame-duck, post-election session.

Once agreement was reached on the major benefit and financing aspects of the bill, and in the press of business of the concluding few days of the first session of the 97th Congress, the conferees moved quickly to resolve remaining differences, dropping a number of the items that had been adopted on the Senate floor, but including others. The final bill, as agreed to by the conferees on December 14, was passed by the Senate on December 15 (96 to 0) and, on December 16, by the House of Representatives (412 to 10). Thus, in its final form, the bill contained the following provisions:

- (1) **Minimum benefit.** Restoration of the minimum benefit for current beneficiaries. The minimum would be eliminated only for new beneficiaries—persons who reach age 62 or become disabled before reaching age 62 after 1981 and the survivors of those who die after that year (1991 in the case of certain persons under a vow of poverty—as in the Senate version of the bill).
  - (a) Since no current beneficiaries would be affected, the provision to provide special SSI payments (under Public Law 97-35) was eliminated.
  - (b) The Senate version of the bill would not have fully restored the minimum benefit for those receiving government-employee pensions in excess of \$300 a month or those residing outside the United States. These provisions were dropped in the conference agreement.
- (2) **Interfund borrowing.** Authority for the OASI, DI, and HI Trust Funds to borrow from one another through December 31, 1982 (with provision for repayment with interest).
- (3) **Sick pay.** Coverage of all sick pay (other than workers' compensation and sickness benefits attributable to employee contributions) paid through the first 6 calendar months of non-work as wages for Social Security tax and benefit purposes.
- (4) **Penalties for misuse of Social Security numbers and other Social Security related offenses.** An increase in the maximum penalties for misuse of Social Security numbers and other Social Security related offenses.
- (5) **Demonstration projects under section 1115.** A requirement that there be at least seven demonstration projects involving the hiring of AFDC recipients to serve as home health aides, as authorized under the Omnibus Reconciliation Act of 1980.
- (6) **Information to implement prisoner legislation.** Authorization for Federal and State agencies to furnish information needed to implement the 1980 legislation limiting benefit payments to certain prisoners.
- (7) **Reports of death.** A requirement that the Secretary of Health and Human Services submit a report within 90 days of enactment on ways to improve current "report of death" procedures.

The Conference Committee agreed to drop a number of provisions that had been included in H.R. 4331 as passed by the Senate. The omitted provisions relate to a reduction in the maximum family benefit in OASI cases (to the maximum applicable for DI cases), revised tax-rate allocations among the trust funds, issuance of Social Security cards on banknote-quality paper, a General Accounting Office study of the administrative capacity of the Social Security Administration, modification of budget accounting procedures for the trust funds, a resolution relating to future preservation of benefit rights for persons on the rolls when amendments to the Social Security Act are enacted, and extension of excise taxes for the Highway Trust Fund.

## Summary of Provisions

### Restoration of Minimum Benefits

The new law restores the Social Security minimum benefit for individuals who first became eligible for benefits (that is, attained age 62 or became disabled) before January 1982 or whose benefits are based on a worker's eligibility or death before January 1982. (With the restoration of the minimum benefit for current beneficiaries, the special SSI payments for persons under age 65 provided under Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981, were eliminated.) Other persons will have their benefits computed on the basis of actual covered earnings with no minimum-benefit provision (the method provided under Public

Law 97-35). With respect to members of a religious order under a vow of poverty which had elected to be covered under Social Security before December 29, 1981 (the date of enactment), the elimination of the minimum benefit for future beneficiaries applies only to those who will become eligible after 1991.

## **Interfund Borrowing**

Public Law 97-123 authorizes borrowing among the Old-Age and Survivors Insurance Trust Fund, the Disability Insurance Trust Fund, and the Hospital Insurance Trust Fund until January 1983, whenever the Managing Trustee<sup>6</sup> determines that such borrowing is appropriate to finance the benefit payments from the borrowing trust fund. The Conference Report states in this respect that "In no case shall such interfund borrowing make adjustments in the trust funds insuring benefit payments for a period more than 6 months beyond the date of such determination."<sup>7</sup>

Whenever borrowing occurs, the borrowing trust fund must pay the lending trust fund interest at a rate equal to that which the lending trust fund would have earned if the monies loaned had been invested. Repayment of principal is to be made whenever the Managing Trustee determines that the assets of the borrowing trust fund are sufficient to permit repayment of all or part of any loans outstanding.

## **Coverage of Sick Pay**

Public Law 97-123 removes the exclusion from the definition of wages for tax and coverage purposes of certain sick pay under a plan or system through the first 6 calendar months that the employee is off work. It includes in the definition of wages those payments made under a sick pay plan to an employee or dependent by a third party and payments under a State temporary disability insurance law. In cases where a third party makes the sick payments, the third party is liable for paying the Social Security taxes and for reporting the payments for Social Security wage-record purposes; however, the law provides that third parties may be relieved of liability for Social Security employer taxes on sick payments under regulations to be prescribed by the Secretary of the Treasury. Under the prescribed regulations, liability for the Social Security employer taxes would shift from the third party to the employer once the third party withheld and deposited the employee portion of the Social Security taxes and notified the employer of the amount of sick pay paid. The bill also amends the Rail-

road Retirement Tax Act to achieve a comparable result with respect to the taxation of sick pay under that Act.

Payments under a workers' compensation law and sick pay paid more than 6 calendar months after the employee last worked will continue to be excluded from the definition of wages, as under present law. Payments attributable to an employee's contributions to the plan will also be excluded.

The removal of the coverage exclusion is generally effective with respect to remuneration paid after 1981. The conferees recognized that the January 1, 1982, effective date could pose some difficulties for employers and agreed therefore to provide that no penalties or interest will be assessed for failure to make timely payments of taxes on sick pay paid between January 1 and June 30, 1982, if the failure is not due to willful neglect. (Technically, the law specifies that such failure must be "due to reasonable cause and not to willful neglect" and the Conference Report fails to provide clarifying language. However, a colloquy on the Senate floor between Senators Dole and Heinz makes it clear that the reference to "reasonable cause" was included inadvertently, that the conferees did not intend any burden on the employer to show reasonable cause, and that the only determination to be made (by the enforcing agency) was intended to be one of "willful neglect."<sup>8</sup>) Further, sick pay will not be taxed or credited for Social Security purposes if it is paid by a third party pursuant to a contract between the employer and the third party entered into before December 14, 1981, if the third party's coverage for that employer's group ceases before March 1, 1982, and no payment is made to the employee under the contract after February 28, 1982.

## **Penalties for Misuse of Social Security Cards**

The new law adds to the list of actions that constitute misuse of Social Security cards by making it unlawful to buy, sell, alter, or counterfeit a Social Security card or to possess a valid or counterfeit card with intent to sell or alter it. It also changes the classification of the crimes enumerated in section 208 of the Social Security Act (including misuse of Social Security cards and numbers) from misdemeanor to felony, increases the maximum fine from \$1,000 to \$5,000, and increases the maximum prison term from 1 year to 5 years. The provision is effective with respect to violations committed after December 29, 1981.

## **Demonstration Projects Using AFDC Recipients as Home Health Aides**

This provision amends the Omnibus Reconciliation Act of 1980 (as previously amended by section 2156 of

<sup>6</sup> By law, the Board of Trustees consists of the Secretaries of Health and Human Services, Treasury, and Labor, with the Secretary of the Treasury serving as the Managing Trustee.

<sup>7</sup> House Report No. 97-409, 97th Congress, page 10.

<sup>8</sup> *Congressional Record*, Dec. 15, 1981, page S. 15279.

the Omnibus Budget Reconciliation Act of 1981) to require the Secretary to enter into agreements with at least seven States for demonstration projects relating to the training of AFDC recipients as home health aides by the deadline of January 1, 1982.

### Prisoners

Federal, State, and local government agencies are required to make available to the Secretary of Health and Human Services the name and Social Security number of any felon imprisoned under the jurisdiction of the agency whenever the Secretary requests, in writing, the information to carry out the provisions of section 223(f) of the Social Security Act concerning the suspension of benefits to certain imprisoned felons, effective December 29, 1981.

### Report to Congress

The Secretary is required to report to the Congress by March 29, 1982 (90 days after enactment) on actions being taken to prevent the payment of Social Security checks with respect to deceased individuals, including the use of death records available under the Medicare program.

## Financial Implications of Public Law 97-123

Public Law 97-123 could have the effect of assuring, through the provision for interfund borrowing, that the OASI Trust Fund (as well as the DI and HI Trust Funds) will be able to meet all benefit obligations on a timely basis throughout 1982 and for as much as the first 6 months of 1983. However, the legislation will result in increased expenditures for minimum benefits that will more than exceed the increase in revenues due to the coverage of sick pay for a number of years into the future. Eventually, the additional revenues arising as a result of the legislation will exceed expenditures thereunder—by an average of about 0.02 percent of taxable payroll over the 75-year valuation period.

The short-range financial status of the Social Security program, in summary, is adversely affected on a net basis by the combined effect of the minimum benefit and sick-pay provisions. However, it is in a better position on an overall basis when the restricted interfund borrowing is also considered, because OASI benefit payments could continue for a longer period than under prior law. But the OASI Trust Fund is still expected to be unable to meet benefit payments beginning after mid-1983, and additional corrective legislation is a necessity in the near future.

### Short-Range Implications

The tables in this article summarize the estimated short-range financial effects of Public Law 97-123. Tables 1-3 show the estimated additional Old-Age, Survivors, and Disability Insurance (OASDI) benefit payments and additional Old-Age, Survivors, Disability, and Hospital Insurance (OASDHI) tax income (resulting from the minimum benefit and sick-pay provisions) under three alternative sets of assumptions—the Alternative II-B and “worst-case” assumptions of the 1981 Trustees Report and the assumptions underlying the President’s 1983 Budget. The 1983 Budget assumptions are somewhat more optimistic than the Alternative II-B assumptions of the 1981 Trustees Report over the period considered but are less optimistic than the Alternative II-A assumptions. As indicated, the combined effect of these two provisions is an estimated net loss to the trust funds of about \$2.0 billion to \$2.6 billion over the period 1982-86, depending on future economic conditions.

The estimated operations of the OASI, DI, and HI Trust Funds under Public Law 97-123 on the basis of the three sets of assumptions, taking account of the maximum potential effects of interfund borrowing, are shown in tables 4-6.

With regard to the operation of the interfund borrowing provision, it should be noted that such things as the specific loans, repayments, timing of interest payments, and so forth are largely at the Managing Trustee’s discretion. For purposes of illustration, the effect of a

**Table 1.—Estimated short-range financial effect of Public Law 97-123 on the basis of the Alternative II-B assumptions of the 1981 Trustees Report, 1982-86**

[In millions]

OASDI-HI provision	Calendar year					Total, 1982-86
	1982	1983	1984	1985	1986	
Additional OASDI benefit payments resulting from restoration of minimum benefits for persons eligible for benefits before 1982 . . . .	\$930	\$1,275	\$1,300	\$1,330	\$1,320	\$6,155
Additional OASDI and HI tax income resulting from coverage of first 6 months of sick leave, self-insurance, private insurance, and mandated public insurance benefits not attributable to employee contributions <sup>1</sup> . . . .	641	703	765	874	956	3,939

<sup>1</sup> The removal of the coverage exclusion went into effect on Jan. 1, 1982. Estimates shown are based on the assumption that substantial tax avoidance would occur as a result of an accounting procedure involving the packaging of sick pay plans with other forms of protection toward the cost of which the employee may make a direct contribution. If no tax avoidance were to take place, the total tax income for this provision is estimated to be \$4.3 billion in 1982-86, or about 10 percent greater than the estimate shown.

“maximum” borrowing approach is included in tables 4 through 6.

Lesser borrowing is also theoretically possible. Under a “minimum” borrowing approach, for example, the OASI Trust Fund would borrow just the amount needed at the beginning of any particular month in order to per-

**Table 2.—Estimated short-range financial effect of Public Law 97-123 on the basis of the “Worst-case” assumptions of the 1981 Trustees Report, 1982-86**

[In millions]

OASDI-HI provision	Calendar year					Total, 1982-86
	1982	1983	1984	1985	1986	
Additional OASDI benefit payments resulting from restoration of minimum benefits for persons eligible for benefits before 1982 . . . .	\$960	\$1,340	\$1,400	\$1,470	\$1,490	\$6,660
Additional OASDI and HI tax income resulting from coverage of first 6 months of sick leave, self-insurance, private insurance, and mandated public insurance benefits not attributable to employee contributions <sup>1</sup> . . . .	641	698	776	905	1,007	4,027

<sup>1</sup> The removal of the coverage exclusion went into effect on Jan. 1, 1982. Estimates shown are based on the assumption that substantial tax avoidance would occur as a result of an accounting procedure involving the packaging of sick pay plans with other forms of protection toward the cost of which the employee may make a direct contribution. If no tax avoidance were to take place, the total tax income for this provision is estimated to be \$4.4 billion in 1982-86, or about 10 percent greater than the estimate shown.

**Table 3.—Estimated short-range financial effect of Public Law 97-123 on the basis of the assumptions underlying the President’s 1983 Budget, 1982-86**

[In millions]

OASDI-HI provision	Calendar year					Total, 1982-86
	1982	1983	1984	1985	1986	
Additional OASDI benefit payments resulting from restoration of minimum benefits for persons eligible for benefits before 1982 . . . .	\$930	\$1,250	\$1,240	\$1,215	\$1,165	\$5,800
Additional OASDI and HI tax income resulting from coverage of first 6 months of sick leave, self-insurance, private insurance, and mandated public insurance benefits not attributable to employee contributions <sup>1</sup> . . . .	641	690	739	841	924	3,835

<sup>1</sup> The removal of the coverage exclusion went into effect on Jan. 1, 1982. Estimates shown are based on the assumption that substantial tax avoidance would occur as a result of an accounting procedure involving the packaging of sick pay plans with other forms of protection toward the cost of which the employee may make a direct contribution. If no tax avoidance were to take place, the total tax income for this provision is estimated to be \$4.2 billion in 1982-86, or about 10 percent greater than the estimate shown.

mit OASI benefits to be paid on time. After December 31, 1982, borrowing is no longer authorized and, under this “minimum” approach, benefits for January or February 1983 could not be paid on time.

Under the “maximum” approach, in December 1982 the Managing Trustee would make large transfers from the DI and HI Trust Funds to the OASI Trust Fund so that timely payment of OASI benefits could be made for the maximum period prescribed by the Conference Report, as described previously. For the “maximum” approach, then, it is assumed that on December 31, 1982, the OASI Trust Fund would borrow sufficient amounts from the other two trust funds to permit timely payment of benefits through June 3, 1983.

**Table 4.—Estimated operations of the OASI, DI, and HI Trust Funds under Public Law 97-123 (assuming maximum interfund borrowing) on the basis of the Alternative II-B assumptions of the 1981 Trustees Report, 1980-90**

[Amounts in billions]

Calendar year	OASI	DI	OASDI	HI	OASDI-HI
Income					
1980 . . . . .	\$105.8	\$13.9	\$119.7	\$26.1	\$145.8
1981 . . . . .	123.3	17.0	140.2	35.2	175.5
1982 . . . . .	137.9	19.4	157.3	40.2	197.5
1983 . . . . .	147.3	27.7	174.9	45.1	220.0
1984 . . . . .	161.5	31.2	192.6	49.9	242.5
1985 . . . . .	183.0	39.8	222.7	56.6	279.3
1986 . . . . .	198.8	44.7	243.5	65.7	309.2
1987 . . . . .	214.2	49.6	263.8	71.2	335.0
1988 . . . . .	229.2	54.5	283.7	76.2	359.9
1989 . . . . .	243.7	59.5	303.2	80.7	384.0
1990 . . . . .	278.7	73.1	351.8	85.1	436.9
Outgo					
1980 . . . . .	\$107.7	\$15.9	\$123.5	\$25.6	\$149.1
1981 . . . . .	127.0	18.0	145.0	30.6	175.5
1982 . . . . .	143.0	19.3	162.3	35.1	197.4
1983 . . . . .	161.0	20.6	181.5	40.8	222.3
1984 . . . . .	180.0	22.2	202.2	47.3	249.5
1985 . . . . .	200.3	23.9	224.2	54.9	279.1
1986 . . . . .	220.8	25.7	246.5	63.2	309.6
1987 . . . . .	241.3	27.6	268.9	72.2	341.1
1988 . . . . .	261.4	29.8	291.2	81.8	373.0
1989 . . . . .	280.6	31.9	312.4	91.7	404.1
1990 . . . . .	299.3	34.0	333.4	103.0	436.4
Net increase in funds					
1980 . . . . .	-\$1.8	-\$2.0	-\$3.8	\$0.5	-\$3.3
1981 . . . . .	-3.7	-1.1	-4.7	4.7	-.1
1982 . . . . .	-5.2	.1	-5.0	5.1	.1
1983 . . . . .	-13.7	7.1	-6.6	4.3	-2.3
1984 . . . . .	-18.6	9.0	-9.6	2.6	-7.0
1985 . . . . .	-17.4	15.9	-1.5	1.7	.2
1986 . . . . .	-22.1	19.1	-3.0	2.5	-.5
1987 . . . . .	-27.2	22.0	-5.2	-.9	-6.1
1988 . . . . .	-32.2	24.8	-7.5	-5.6	-13.1
1989 . . . . .	-36.9	27.6	-9.2	-10.9	-20.1
1990 . . . . .	-20.6	39.0	18.4	-17.9	.5

See footnotes at end of table.

**Table 4.—Estimated operations of the OASI, DI, and HI Trust Funds under Public Law 97-123 (assuming maximum interfund borrowing) on the basis of the Alternative II-B assumptions of the 1981 Trustees Report, 1980-90—Continued**

[Amounts in billions]

Calendar year	OASI	DI	OASDI	HI	OASDI-HI
Funds at end of year					
1980.....	\$22.8	\$3.6	\$26.5	\$13.7	\$40.2
1981.....	19.1	2.6	21.7	18.4	40.1
1982.....	14.0	2.7	16.7	23.6	40.2
1983.....	.3	9.8	10.1	27.9	37.9
1984.....	-18.3	18.8	.5	30.5	31.0
1985.....	-35.7	34.7	-1.0	32.2	31.2
1986.....	-57.7	53.7	-4.0	34.8	30.7
1987.....	-84.9	75.7	-9.2	33.8	24.6
1988.....	-117.1	100.4	-16.7	28.2	11.5
1989.....	-154.0	128.1	-25.9	17.3	-8.6
1990.....	-174.6	167.1	-7.5	-6	-8.1
Assets at beginning of year as percentage of outgo during year					
1980.....	23	35	25	52	29
1981.....	18	20	18	45	23
1982.....	13	13	13	52	20
1983.....	9	13	9	58	18
1984.....	(1)	44	5	59	15
1985.....	-9	79	(1)	56	11
1986.....	-16	135	(2)	51	10
1987.....	-24	194	-2	48	9
1988.....	-32	254	-3	41	7
1989.....	-42	315	-5	31	3
1990.....	-51	376	-8	17	-2

<sup>1</sup> Between 0 and 0.5 percent.

<sup>2</sup> Between 0 and -0.5 percent.

Notes: (1) The income figures for 1982, and the end-of-year asset figures for 1982 and later, reflect the transfer of \$4.5 billion from the DI Trust Fund to the OASI Trust Fund under the interfund borrowing authority provided by P. L. 97-123.

(2) The estimated operations for OASI, OASDI, and total OASDI and HI in 1983 and later are theoretical since, following the expiration of the present law interfund borrowing authority, the OASI Trust Fund would become depleted in the second half of 1983 when assets become insufficient to pay benefits when due.

### Long-Range Implications

Over the 75-year projection period, average OASDI expenditures as a percentage of taxable payroll are estimated to decrease by 0.02 percent. This change represents the combined effect of (1) higher expenditures due to the restoration of the minimum benefit for current beneficiaries and to additional benefits arising from coverage of sick pay and (2) an increase in taxable payroll from the coverage of sick pay. On balance, the additional tax income would more than offset the additional benefit payments in the long run. The interfund borrowing authority would have no net effect on the long-range status of the OASDI program.

**Table 5.—Estimated operations of the OASI, DI, and HI Trust Funds under Public Law 97-123 (assuming maximum interfund borrowing) on the basis of the "Worst-case" assumptions of the 1981 Trustees Report, 1980-86**

[Amounts in billions]

Calendar year	OASI	DI	OASDI	HI	OASDI-HI
Income					
1980.....	\$105.8	\$13.9	\$119.7	\$26.1	\$145.8
1981.....	122.8	17.0	139.8	35.2	175.0
1982.....	145.1	18.8	163.9	33.6	197.5
1983.....	143.9	27.3	171.2	44.5	215.7
1984.....	160.9	31.6	192.5	50.5	243.0
1985.....	186.5	41.5	227.9	58.8	286.7
1986.....	206.9	47.9	254.8	69.9	324.7
Outgo					
1980.....	\$107.7	\$15.9	\$123.5	\$25.6	\$149.1
1981.....	127.0	18.0	145.0	30.6	175.5
1982.....	146.1	19.7	165.8	35.5	201.4
1983.....	169.7	21.7	191.4	41.8	233.2
1984.....	194.5	23.8	218.4	49.5	267.8
1985.....	221.4	26.1	247.5	58.1	305.5
1986.....	248.7	28.4	277.1	67.6	344.7
Net increase in funds					
1980.....	-\$1.8	-\$2.0	-\$3.8	\$0.5	-\$3.3
1981.....	-4.2	-1.0	-5.2	4.7	-6
1982.....	-1.0	-9	-1.9	-1.9	-3.9
1983.....	-25.8	5.6	-20.2	2.7	-17.5
1984.....	-33.6	7.8	-25.8	1.0	-24.8
1985.....	-34.9	15.4	-19.5	.7	-18.8
1986.....	-41.8	19.5	-22.3	2.3	-20.0
Funds at end of year					
1980.....	\$22.8	\$3.6	\$26.5	\$13.7	\$40.2
1981.....	18.6	2.6	21.2	18.4	39.6
1982.....	17.6	1.7	19.3	16.5	35.7
1983.....	-8.2	7.3	-.9	19.1	18.2
1984.....	-41.8	15.1	-26.7	20.2	-6.6
1985.....	-76.7	30.5	-46.2	20.8	-25.4
1986.....	-118.6	50.0	-68.6	23.1	-45.5
Assets at beginning of year as percentage of outgo during year					
1980.....	23	35	25	52	29
1981.....	18	20	18	45	23
1982.....	13	13	13	52	20
1983.....	10	8	10	39	15
1984.....	-4	31	(1)	38	7
1985.....	-19	58	-11	35	-2
1986.....	-31	107	-17	31	-7

<sup>1</sup> Between 0 and -0.5 percent.

Notes: (1) The income figures for 1982, and the end-of-year asset figures for 1982 and later, reflect the transfer of funds from the DI and HI Trust Funds to the OASI Trust Fund under the interfund borrowing authority provided by P. L. 97-123. Under this set of assumptions, a total of \$11.8 billion would be transferred to OASI in 1982, \$5.2 billion from DI, and \$6.6 billion from HI.

(2) The estimated operations for OASI, OASDI, and total OASDI and HI in 1983 and later are theoretical since, following the expiration of the present law interfund borrowing authority, the OASI Trust Fund would become depleted in the second half of 1983 when assets become insufficient to pay benefits when due.



**Table 6.**—Estimated operations of the OASI, DI, and HI Trust Funds under Public Law 97-123 (assuming maximum interfund borrowing) on the basis of the assumptions underlying the **President's 1983 Budget, 1980-87**

[Amounts in billions]

Calendar year	OASI	DI	OASDI	HI	OASDI-HI
Income					
1980.....	\$105.8	\$13.9	\$119.7	\$26.1	\$145.8
1981.....	124.8	17.1	141.9	35.7	177.6
1982.....	136.6	17.2	153.8	39.0	192.8
1983.....	139.4	26.7	166.1	42.7	208.8
1984.....	149.4	29.8	179.2	46.1	225.3
1985.....	167.9	38.0	205.8	51.8	257.6
1986.....	182.4	43.0	225.4	59.9	285.3
1987.....	198.4	47.9	246.4	65.0	311.4
Outgo					
1980.....	\$107.7	\$15.9	\$123.5	\$25.6	\$149.1
1981.....	126.7	17.6	144.3	30.7	175.1
1982.....	141.8	18.6	160.4	35.6	196.0
1983.....	156.2	19.1	175.3	40.9	216.2
1984.....	169.8	19.7	189.6	46.6	236.2
1985.....	183.1	20.6	203.7	53.6	257.4
1986.....	196.6	21.7	218.3	61.2	279.6
1987.....	211.2	22.9	234.1	69.8	303.9
Net increase in funds					
1980.....	-\$1.8	-\$2.0	-\$3.8	0.5	-\$3.3
1981.....	-1.9	-.5	-2.4	5.0	2.6
1982.....	-5.2	-1.4	-6.6	3.5	-3.1
1983.....	-16.7	7.6	-9.1	1.8	-7.4
1984.....	-20.4	10.0	-10.3	-.5	-10.9
1985.....	-15.2	17.4	2.1	-1.9	.2
1986.....	-14.2	21.3	7.1	-1.4	5.7
1987.....	-12.8	25.1	12.3	-4.8	7.5

See footnotes at end of table.

**Table 6.**—Estimated operations of the OASI, DI, and HI Trust Funds under Public Law 97-123 (assuming maximum interfund borrowing) on the basis of the assumptions underlying the **President's 1983 Budget, 1980-87—Continued**

[Amounts in billions]

Calendar year	OASI	DI	OASDI	HI	OASDI-HI
Funds at end of year					
1980.....	\$22.8	\$3.6	\$26.5	\$13.7	\$40.2
1981.....	20.9	3.1	24.0	18.7	42.8
1982.....	15.7	1.7	17.4	22.2	39.6
1983.....	-1.0	9.2	8.2	24.0	32.3
1984.....	-21.4	19.3	-2.1	23.5	21.4
1985.....	-36.6	36.6	(1)	21.6	21.6
1986.....	-50.8	57.9	7.1	20.2	27.3
1987.....	-63.6	83.0	19.4	15.4	34.8
Assets at beginning of year as percentage of outgo during year					
1980.....	23	35	25	52	29
1981.....	18	21	18	45	23
1982.....	15	17	15	53	22
1983.....	10	9	10	54	18
1984.....	-1	47	4	51	14
1985.....	-12	93	-1	44	8
1986.....	-19	169	(2)	35	8
1987.....	-24	253	3	29	9

<sup>1</sup> Between \$0 and \$50 million.

<sup>2</sup> Between 0 and 0.5 percent.

Notes: (1) The income figures for 1982, and the end-of-year asset figures for 1982 and later, reflect the transfer of \$6.4 billion from the DI Trust Fund to the OASI Trust Fund under the interfund borrowing authority provided by P. L. 97-123.

(2) The estimated operations for OASI, and total OASDI and HI in 1983 and later are theoretical since, following the expiration of the present law interfund borrowing authority, the OASI Trust Fund would become depleted in the second half of 1983 when assets become insufficient to pay benefits when due.



## LISTING OF REFERENCE MATERIALS

U.S. Congress. House. Select Committee on Aging. *Hearing on Elimination of Social Security Minimum Benefit. July 31, 1981.* 97th Congress, 1st session.

U.S. Congress. House. Committee on Ways and Means. Subcommittee on Social Security. *Hearing on Elimination of Minimum Social Security Benefit Under Public Law 97-35. September 10, 1981.* 97th Congress, 1st session.

U.S. Congress. House. Select Committee on Aging. Subcommittee on Retirement Income and Employment. *Hearing on Cutting the Minimum Social Security Benefit: Unneeded Savings and Hidden Costs. September 21, 1981.* 97th Congress, 1st session.

