CHAPTER TWO: INDEPENDENT AGENCY

This chapter describes the history leading to the Social Security Administration (SSA) as an Independent Agency and the steps the Agency took to assume its new duties, including the selection of strong and capable leadership. The establishment of SSA as an Independent Agency may be the most significant development during Commissioners Chater and Apfel's time in office. It enabled the Agency to (1) improve program management, by taking a more active role in addressing its major program challenges, (2) be more accountable to the public, (3) be more responsive to the Congress, and (4) provide stable executive leadership. The highlights of SSA's major accomplishments under Commissioners Chater and Apfel are discussed.

THE EARLY YEARS

Social Security began as an Independent Agency when the Social Security Act of 1935 established a Social Security Board (Board) comprised of three members appointed by the President.[1] The chairman reported directly to the President. The original members were John G. Winant, Chairman; Arthur J. Altmeyer; and Vincent M. Miles. Arthur Altmeyer became the Board's second permanent chairman in 1937, shortly after Chairman Winant's resignation.

Beginning in early 1937, President Franklin D. Roosevelt sent to Congress a series of messages and proposals regarding reorganization of the Executive Branch. He wanted to reduce the number of agencies reporting to him. The Reorganization Act of 1939 authorized the President to devise a plan to reorganize the Executive Branch. The President's Reorganization Plan No. 1 created the Federal Security Agency as a new sub-cabinet agency and located the

[1] Title VII of the Social Security Act.

Board within it. As a result, the Board lost its status as an Independent Agency, no longer reporting directly to the President.

Under the President's Reorganization Plan No. 2, the Board was abolished in 1946 and replaced by SSA. Arthur Altmeyer, who had been chairman of the Board, became the Commissioner for Social Security. In 1953, President Dwight D. Eisenhower abolished the Federal Security Agency and created the Department of Health, Education and Welfare (HEW). SSA was made part of this new cabinet agency. The Department of Health and Human Services (HHS) replaced HEW in 1980 when the Department of Education was created as a new cabinet-level agency.

THE INDEPENDENT AGENCY PROCESS

Proposals in the Congress to make SSA an Independent Agency can be traced to the early 1970s. After implementation of the Unified Federal Budget in Fiscal Year 1969, which included operations of the Social Security Trust Funds, the budget submissions of the Nixon, Ford and Carter Administrations included proposals for cutbacks in Social Security. These factors led some members of Congress to conclude that Social Security was being used for partisan political purposes, and that making SSA an Independent Agency and taking the trust funds out of the Federal Budget would deal with the issue. During the period 1974-1982, more than 20 bills making SSA an Independent Agency were introduced in the Congress. A 1974 Senate bill sponsored by Special Committee on Aging Chairman, Frank Church, had 51 co-sponsors.

In 1981, the debate in the Congress about the desirability of returning SSA to independent agency status became more serious due primarily to two factors. The first was the release in March 1981 of the Report of the National Commission on Social Security mandated by P.L. 95-216 (the Social Security Amendments of 1977), which recommended that SSA be made an independent agency. The Commission recommended an independent agency to be called the Social Security Board, which would administer the Old Age, Survivors, and Disability programs, the SSI program, and the Medicare and Medicaid programs. The second, and probably more important factor, was the release by HHS Secretary Richard Schweiker, in May 1981, of a package of reform proposals that would "keep the system from going broke, protect the basic benefit structure, and reduce the tax burden of American workers." The package was not generally well received and was characterized by many in and outside of Congress as reducing the budget deficit, and financing the defense buildup through cuts in Social Security.

In reaction to the controversy about the Administration's Social Security reform proposals, President Reagan, by executive order, established the bipartisan National Commission on Social Security Reform. The Commission, headed by Alan Greenspan, reported to the President and the Congress on January 20, 1983, recommending a far-reaching package of proposals intended to ensure the solvency of Social Security. The Commission's report also included a statement that a majority of its members believe "that it would be logical to have the

Social Security Administration be a separate independent agency…and recommends that a study should be made of the feasibility of this."

P.L 98-21, the Social Security Amendments of 1983, which enacted substantially all of the Commission's recommendations included a provision for the chairmen of the Ways and Means and Finance Committees to appoint a three-person panel to a study of establishing SSA as an independent agency. The legislation did not provide for a study of whether SSA should be independent, but rather, it provided for a study of the issues related to how SSA would be made independent.

The three-member panel that conducted the study was headed by Elmer Staats, former Director of the General Accounting Office. Other panel members were Arthur E. Hess, former Deputy Commissioner of Social Security, and Martha Derthick, a noted academic on the politics of Social Security. The panel reported on June 12, 1984. The panel recommended that if SSA were to be made independent, it should: be headed by a single executive appointed by the President with the advice and consent of the Senate; have a permanent bipartisan Advisory Board of nine members "to promote independent review and encourage broadly based policy analysis;" be responsible for administering only the Social Security and SSI programs; and be delegated personnel and management authority currently performed by the Office of Personnel Management and the General Services Administration.[2]

For the next 10 years, a number of different bills were repeatedly introduced, passing the House by virtually unanimous votes on three occasions, but with no action being taken in the Senate. Congressional testimony and reports argued that SSA should be independent from HHS for a number of reasons, including the need for (1) improved management and continuity of leadership at SSA, (2) greater public confidence about the solvency of Social Security, and (3) greater accountability to its stakeholders.

Although there was clearly strong bipartisan support in the Congress for the idea of making SSA independent, incumbent administrations, both Republican and Democrat, always opposed the idea. When the issue heated-up early in the first Clinton term, the Administration opposed independent status for SSA. The Agency was the largest operating division within HHS and accounted for about 51 percent of HHS's total staff. SSA's fiscal year 1995 budget of about \$371 billion accounted for over one-half of HHS's total budget for that year.

Senator Daniel Patrick Moynihan (D, NY), Senate Committee on Finance Chairman, 103rd Congress (1993-1994), was a strong proponent of SSA as an Independent Agency. He argued that such a move would help insulate the program from partisan politics. In the summer of 1994, President Clinton signaled his willingness to support SSA as an Independent Agency. The Clinton Administration and SSA then began a process of negotiation with the Congress over the details of the developing legislation. The major policy difference concerned a House/Senate split over the question of the executive structure for SSA. House leaders preferred a return to a multi-person Social Security Board as the administrative authority; the Senate preferred to retain

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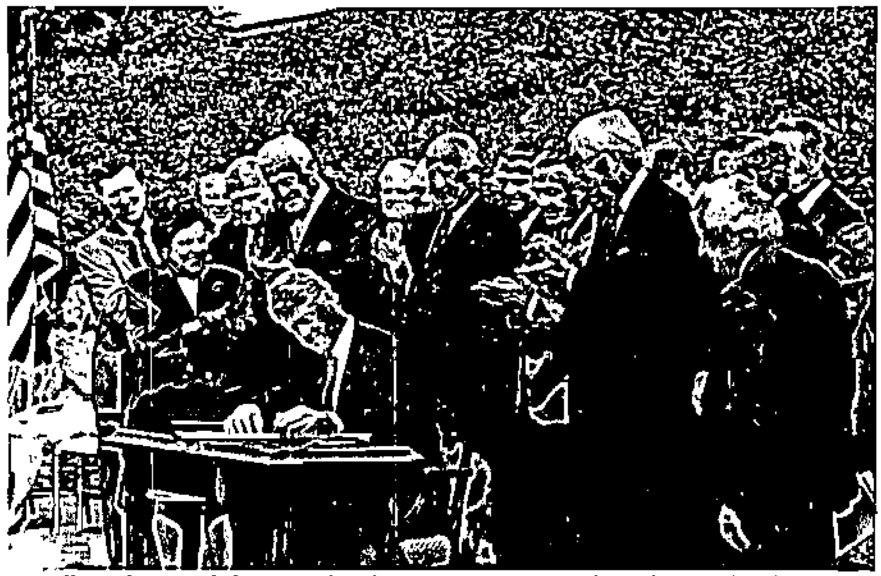
[2] *A Plan to Establish an Independent Agency for Social Security*: A study prepared for the Committee on Ways and Means, United States House of Representatives and the Committee on Finance, United States Senate, pursuant to P.L. 98-21 by the Congressional Panel on Social Security Organization, June 12, 1984.

a single Commissioner. SSA sided strongly with the Senate position. The final compromise on this issue accepted a single Commissioner, but also included the creation of a permanent, independent, and bipartisan Social Security Advisory Board. The Advisory Board was to replace the periodic Advisory Councils, which under prior law met every four years to advise the Congress and the Administration on Social Security matters.


President Clinton signing the 1994 legislation, 8/15/94

SSA returned full-circle to its place of origin in the federal hierarchy when the President signed the SSA Independence and Program Improvements Act of 1994 into law on August 15, 1994. The law took effect on March 31, 1995 to allow sufficient time for the complex transitional preparations. The Act brought with it a full complement of challenges, ranging from finding new headquarters space in Washington, to recruiting executives and fully staffing the new offices of the General Counsel and the Inspector General. There were also the complex issues of interpreting the Independent Agency legislation, and learning how to operate without the cushion of HHS. The greatest challenge of being independent was the issue of the Agency's programmatic responsibilities. As an arm of HHS, SSA's role was one of day-to-day delivery of services. As an Independent Agency, SSA now had a fundamental responsibility to help shape its programs, educate the public about Social Security, and plan for the long-term future. The return to Independent Agency status had several major impacts on SSA.

The foremost was the elevation of the Commissioner to cabinet-level status; that is, the Commissioner began attending the President's regular cabinet meetings and reported directly to the President on matters involving Social Security. The Commissioner was also designated as a member of the President's Council on Domestic Policy.

The Independent Agency legislation created two additional statutory positions: a Deputy Commissioner appointed by the President to serve a six-year term subject to Senate confirmation and an Inspector General, also appointed by the President and subject to Senate confirmation. In addition, the number of Senior Executive Service (SES) positions at SSA was increased, including the number of positions excepted from the competitive service because of their confidential or policy determining charter.[3] By 1997, six of the eight Deputy Commissioners were in non-career SES positions and two Deputy Commissioners were career SES employees.

[3] See Exhibit 1 for listing of political appointees from 1993 to 2000.

OFFICE OF THE COMMISSIONER: 1993–2000

Two persons served as Commissioner of Social Security and three persons served as Acting Commissioner of Social Security during the Clinton Administration. The Senate confirmed one person as Deputy Commissioner after two other persons failed to receive Senate confirmation.

Acting Commissioner Louis D. Enoff

Following the departure of Commissioner Gwendolyn S. King in October 1992, Mr. Enoff, SSA's Principal Deputy Commissioner, was named Acting Commissioner. Mr. Enoff would serve as an Acting Commissioner from October 1, 1992 to July 18, 1993, including the first seven months of the Clinton Administration. During his tenure as the head of SSA, he functioned principally as a "chief operating officer," running the day-to-day business of SSA. In his acting capacity, he was not expected to assert a strong Capitol Hill presence or make major policy changes at SSA, while waiting for the President's nominee for Commissioner.

Louis D. Enoff

Acting Commissioner Lawrence H. Thompson, Ph.D.

Health and Human Services (HHS) Secretary, Donna Shalala, appointed Lawrence H. Thompson as Acting Commissioner and Principal Deputy Commissioner on July 19, 1993. Dr. Thompson was a career official at the General Accounting Office where he worked as Chief Economist and Assistant Comptroller for Human Resources programs. He headed SSA for three months, until Commissioner Chater's confirmation was completed. Dr. Thompson left SSA in December 1995 to become a Fellow at the Urban Institute.

Lawrence H. Thompson

Commissioner Shirley S. Chater, Ph.D.

Shirley Sears Chater became Commissioner of Social Security on October 8, 1993. Commissioner Chater brought a lifetime of leadership and public service to this position. She came to SSA from Texas Women's University, where she served as President from 1986 to 1993.


Shirley S. Chater

Among her other positions, Commissioner Chater served as an associate with the American Council on Education, Division of Academic Affairs and Institutional Relations in 1983-1984, and as senior associate of the Association of Governing Boards of Universities and Colleges from 1984 to 1986. She was Vice Chancellor for academic affairs at the University of California-San Francisco from 1977 to 1982. She held faculty appointments from 1972 to 1986 in the Department of Social and Behavioral Sciences, School of Nursing, at the University of California-San Francisco and in the School of Education at the University of California-Berkeley.

Commissioner Chater, a native of Pennsylvania, received her B.S. degree in nursing from the University of Pennsylvania, an M.S. degree in nursing from the University of California-San Francisco, a Ph.D. in education from the University of California-Berkeley, and a certificate from the Massachusetts Institute of Technology, Sloan School of Management. Commissioner Chater has been elected to the Institute of Medicine of the National Academy of Sciences. She is a member of the National Academy of Public Administration and the National Academy of Social Insurance.

Under the leadership of Commissioner Chater, SSA realized significant accomplishments in the administration of its programs. The following chapters discuss these accomplishments. They include:

LEADERSHIP

- SSA's transition from HHS to an Independent Agency, a transition characterized as "seamless" and among the best ever by the General Accounting Office.
- Significant increases in Congressional funding for SSA's administrative budget, representing more than a 33 percent increase over four years.
- The first Agency Business Plan to guide agency priorities and business processes.
- An Accountability Report to track financial and productivity measurements, recognized as a model document by OMB.

- Agency performance reporting standards years in advance of requirements under the Government Performance and Results Act.

- Signed the first Agency partnership agreement with unions.

WORLD-CLASS CUSTOMER SERVICE

- Developed and posted customer service standards in SSA's 1,300 field offices across the country.

- Cut average processing times for disability cases for three consecutive years.

- Received highest overall rating for 800 number telephone service among public and private service organizations renowned for service.

- Created Agency Internet site. Nearly 400,000 people visited the site during FY 1996.

ENHANCING PUBLIC CONFIDENCE

- Issued nearly 11 million first time Social Security benefit estimates to eligible individuals age 60 or older in1995. In 1996, statements were sent to people age 57-59.[4]

- Developed extensive educational programs on Social Security for the American public.

- Obtained agreements with 3,500 state and local jail systems throughout the country to stop payment of benefits to prisoners.

- Tightened qualifications for more than six million volunteers who manage benefit payments for individuals unable to manage their own finances.

SUPPORTIVE WORK ENVIRONMENT

- Achieved SSA's highest-ever representation of minorities and women in management positions as of 1997.

- Held first Agency-wide diversity conference for employees in Miami, Florida in June 1996.

- Instituted electronic broadcasts from the Commissioner to employees on fast breaking issues.

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[4] Beginning in 1999, every worker age 25 and older received a yearly statement.

- Instituted "interactive distance learning" for employees, using an intra-agency television classroom providing simultaneous training to work sites across the country. This initiative ensured consistent training and reduced training costs.

While Commissioner Chater was already serving as Commissioner, the Independent Agency legislation required the Commissioner of Social Security to be nominated by the President and confirmed by the Senate. President Clinton nominated Commissioner Chater on November 15, 1994. Commissioner Chater's confirmation hearing, however, got interwoven with concerns about the long-term viability of the Social Security Program.

During this time period, the issue of Social Security's long-range solvency was at the forefront. One of the core problems was that nobody wanted to go first—for fear of the political fall-out from any comprehensive solution, which would, by necessity, feature numerous unpopular policies. Following the enactment of the Independent Agency legislation, Commissioner Chater found herself squeezed by these political forces. The Congress took every opportunity to put the Commissioner on the spot by publicly insisting it was her job to put forward a comprehensive solvency proposal. Had the Commissioner put forth such a plan, it would have been labeled the Administration's proposal by the majority in Congress. The White House, behind the scenes, insisted that she do no such thing. Congressional leaders challenged Commissioner Chater repeatedly on the grounds that, as an Independent Agency, SSA did not have to work under strictures from the White House.

Following the submission of Commissioner Chater's nomination, the Finance Committee scheduled a confirmation hearing for February 16, 1995, where she was questioned over the issue of the Administration's solvency proposal and her interpretation of SSA's independence. She was pressured to put an Administration proposal on the table for addressing Social Security solvency. This brief hearing was the only congressional action taken on her nomination as the Independent Agency Commissioner of Social Security. Her confirmation was never brought up for a vote. She continued in her position as Commissioner of Social Security until she resigned on February 28, 1997.[5] She accepted a position as Regents Professor in the University of California system and has since become an independent consultant for higher education.

[5] The Independent Agency legislation permitted Commissioner Chater to serve as Commissioner of Social Security until a Commissioner is nominated by the President and confirmed by the Senate.

Acting Commissioner John J. Callahan, Ph.D.


John J. Callahan

Following Commissioner Chater's resignation, President Clinton named John J. Callahan, who was at the time serving as Assistant Secretary for Management and Budget at HHS, Acting Commissioner of Social Security.

Dr. Callahan came to SSA on March 1, 1997. He was not expected to be a permanent Commissioner. Even so, he was a vigorous and active Commissioner, refusing to play the role of a mere "caretaker." He provided strong and highly visible support for President Clinton's noncitizen revisions to the 1996 welfare reform bill. He instituted a program of payment cycling for new Social Security beneficiaries. The major challenge faced by Acting Commissioner Callahan during his tenure was the online PEBES controversy.[6]

Commissioner Kenneth S. Apfel


Kenneth S. Apfel

Kenneth S. Apfel was sworn-in as Commissioner of Social Security on September 29, 1997. Commissioner Apfel had the honor of becoming the first confirmed Commissioner of Social Security since it became an Independent Agency in March of 1995. He brought extensive leadership and public service experience to a position that has been frequently described as one of the most complex and challenging in the Federal Government.

Commissioner Apfel came to SSA from the Office of Management and Budget (OMB) in the Executive Office of the President where he served since 1995 as the Associate Director for Human Resources. His responsibilities included budget, policy and management review of all the human resource agencies of the Federal Government, including SSA, the Department of Labor and Education and parts of the Department of Agriculture and HHS.

Prior to his appointment at OMB, Commissioner Apfel served as Assistant Secretary for Management and Budget at the U.S. Department of Health and Human Services. He was nominated by President Clinton in March 1993 and was subsequently confirmed by the U.S. Senate. In this capacity, Mr. Apfel served as the senior budget official and chief financial officer for HHS. He formulated and executed the third largest budget in the world – a $700 billion budget for a department staffed nationwide by 125,000 people, with half of HHS' resources in support of SSA. During his tenure, Mr. Apfel served as a principal on the Secretary's task force to elevate SSA to Independent Agency status.

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[6] See the Program Integrity chapter for information about resolution of PEBES privacy issue.

Before joining the Clinton Administration, Mr. Apfel worked for two decades in the area of social policy. From 1989 to 1993, he served as legislative director to Senator Bill Bradley, overseeing the formulation and development of all aspects of congressional policy making. During 1982 to 1989, he was the Senator's chief staff person for Federal social policy, with a particular focus on programs under the jurisdiction of the Senate Finance Committee. He served as the Senator's key staff person for the Committee's actions on the historic 1983 Social Security reform legislation.

Between 1980–1982, the Commissioner was committee staff for human resource programs for the U.S. Senate Budget Committee. From 1978 to 1980, he served a Presidential Management Internship at the Department of Labor. He was a college administrator from 1973 to 1976 at Newbury College in Massachusetts.

He received his bachelor's degree from the University of Massachusetts, Amherst, 1970; a master's in rehabilitation counseling, Northeastern University, 1973; and a master's degree in public affairs from the LBJ School of Public Affairs, University of Texas, 1978.

Commissioner Apfel's strong leadership enabled SSA to realize significant management accomplishments. The following are some of these accomplishments. These, and other accomplishments, are covered in detail in the following chapters.

SOLVENCY

- Provided critical staff support for the White House Conference on Social Security that concluded a national dialogue on long-range financing issues.

- Played a leading role in facilitating the national dialogue on ensuring the long-term future of the Social Security program.

PUBLIC UNDERSTANDING

- Began mailing an annual Social Security Statement to more than 125 million workers; the largest customized mailing ever by a Federal Agency.

- Developed a survey instrument to provide an objective measure of the level of public understanding of Social Security.

PROGRAM CHANGES

- The Ticket to Work and Work Incentives Improvement Act of 1999 expanded the availability of health care coverage and greater work opportunities for working persons with disabilities.

- Released results of a top-to-bottom review of changes made to the SSI childhood disability program as a result of the welfare reform law. The number of children expected to lose eligibility for SSI disability benefits dropped from 135,000 to 100,000.

- Released a comprehensive Disability Management Plan that provided a strategy for achieving the goal of improved administration of the disability programs.

- Continued to test and modify its redesign of the disability determination process. The goal is to provide more timely and accurate disability decisions.

- Released a comprehensive report of the management of the SSI program. The report identified four areas in which the program can be better managed.

- Raised the earnings limit for disabled beneficiaries from $500 to $700. This increase in the monthly substantial gainful activity level is the first since 1990.

CUSTOMER SERVICE

- Created a "2010 Vision" plan to guide Agency decisionmaking in the coming decade. The plan complements the Agency's 5-year strategic planning.

- Increased service to the non-English speaking, including hiring emphasis to increase the number of bilingual employees to 6,000, adding Spanish prompts on the 800 number automated service, publishing most of the public information materials in Spanish, and working to provide other non-English versions.

INVESTMENT IN EMPLOYEES

- Since early 1998, SSA's new hires on Native Americans, Asians and Pacific Islanders, African-Americans, and Hispanics reflect percentages above the national civilian workforce.

- Successfully created promotional opportunities for women and minorities, particularly at higher-grade levels.

- Received the 1998 John Sturdivant National Partnership Award, which recognized the Agency's commitment to the goals of management-union partnership.

- Created an "Employees as Ambassadors Program" to train all 65,000 Agency employees about critical issues facing Social Security.

OFFICE OF THE DEPUTY COMMISSIONER

Commissioner Chater continued to use the Principal Deputy Commissioner position as SSA's Chief Operating Officer. When Lawrence Thompson left Social Security in December 1995, she appointed John R. Dyer as Principal Deputy Commissioner. This position was eventually abolished when the Senate confirmed William Halter as Deputy Commissioner of Social Security in 1999.

Principal Deputy Commissioner John R. Dyer

Mr. Dyer was a long-time career employee, having served in both OMB and the Health Care Financing Administration prior to coming to SSA in 1988. At SSA, Mr. Dyer was Deputy Commissioner for Finance, Assessment and Management and the Agency's Chief Financial Officer. Mr. Dyer temporarily vacated his Deputy Commissioner position to become Principal Deputy Commissioner on January 3, 1996, a position he held until November 1999. He served as Senior Advisor to Commissioner Apfel.


John R. Dyer

Deputy Commissioner Nominees

President Clinton made two unsuccessful attempts to fill the Deputy Commissioner position. His first nominee was Linda Colvin Rhodes, who was formerly the Secretary on Aging for the State of Pennsylvania. The President nominated Ms. Rhodes on August 10, 1995. The Congress chose not to act on Ms. Rhodes nomination, declining to schedule a hearing on the matter. In March 1996, Ms. Rhodes asked the President to withdraw her nomination.

Following this unsuccessful effort to fill the Deputy Commissioner position, President Clinton nominated a second candidate, Jane G. Gould, on September 2, 1997. Ms. Gould had extensive experience working with the aged and had served in the cabinet of New York Governor Mario Cuomo as Director of the Office for the Aging. Once again, the Congress chose not to act on the nomination, refusing to schedule a hearing or take any action on the matter. This led Ms. Gould to ask the President to withdraw her nomination on March 13, 1998.

Finally, the President nominated William A. Halter as Deputy Commissioner of Social Security, the number two official at SSA.

Deputy Commissioner William A. Halter


William A. Halter

William A. Halter was nominated by President Clinton on October 1, 1999 and confirmed by the Senate on November 10, 1999, to become the first confirmed Deputy Commissioner of the independent SSA. He served as the Agency's Chief Operating Officer, providing executive leadership and direction to SSA's 65,000 employees located in 1,500 offices nationwide.

Before his appointment as Deputy Commissioner of Social Security, Mr. Halter was a senior advisor in OMB. He advised on a range of policy issues, reviewed and evaluated budgets and management practices of Federal cabinet departments, presented budget options to the President, and formulated Administration positions on domestic and international policy issues. He also coordinated the work of the President's Management Council, a group comprised of the Chief Operating Officers of the Federal Cabinet departments. Prior to that, Mr. Halter served as an economist to the Joint Economic Committee of Congress and as Chief Economist for the Senate Committee on Finance. He has also served in the private sector as a management consultant with McKinsey & Company, specializing in strategic planning and improving organizational effectiveness for a variety of public and private clients.

Mr. Halter received a Bachelor's Degree in Economics and Political Science from Stanford University. He was a Rhodes Scholar at Oxford University, a Marshall Scholar, a Harry S. Truman Scholar and a National Merit Scholar.

A key goal of Deputy Commissioner Halter's tenure was to encourage the use of computer technology in all aspects of SSA's operations. Of particular interest to Mr. Halter was the use of the Internet, both as an informational service and a service-delivery method. Mr. Halter pushed the Agency to accelerate its adoption of Internet service delivery and maintained constant pressure on the organization to find new and innovative ways to use the Internet in its business operations.

Throughout his tenure, he has focused on: (1) enhancing the Agency's relationship with Congress, (2) developing a technological infrastructure strategy to support best-in-business service and the Agency's *2010 Vision*, (3) expanding electronic service delivery initiatives, (4) improving communication with external and internal customers, and (5) encouraging an entrepreneurial environment throughout the organization.

INSPECTOR GENERAL

The Social Security Independent Agency legislation established the Office of Inspector General (IG). The Department of Health and Human Services' (HHS) Inspector General managed SSA's Office of Inspector General (OIG) until a new IG was nominated and confirmed. The HHS OIG transferred 259 staff, including three SES positions and the necessary equipment and funding to create the office.

The mission of OIG was carried out through a nationwide network of facilities comprising the Offices of Audit, Evaluation and Inspections, and Investigations. Staff in the Immediate Office of the OIG supported these three components.

Inspector General David C. Williams


David C. Williams

President Clinton nominated David C. Williams to be SSA's first IG on August 10, 1995. At the time of his nomination, Mr. Williams was serving as the IG of the U.S. Nuclear Regulatory Commission. On December 22, 1995, the Senate confirmed Mr. Williams' nomination. He immediately acted to implement an aggressive hiring program to build the investigative strength of this new OIG. Experienced investigators from other Federal law enforcement agencies became integral members of OIG.[7]

Mr. Williams is a graduate of Southern Illinois University and received his Advanced Degree in Education and a Masters in Education from the University of Illinois. He is the recipient of the U.S. Bronze Star and the Vietnamese Medal of Honor. Mr. Williams left SSA to become Inspector General for Tax Administration of the Department of the Treasury in 1999.

Inspector General James G. Huse, Jr.


James G. Huse

James G. Huse, Jr. was nominated by President Clinton on July 29, 1999, to serve as SSA's second IG. The Senate confirmed him in November 1999. Mr. Huse also held the positions of Deputy IG and Assistant IG for Investigations at SSA. Prior to his SSA/OIG appointments, Mr. Huse was a Special Agent in the Secret Service for 25 years, rising to the position of Assistant Director. In 1995, he received a Special Award from the Secretary of the Treasury for his role as the Secret Service official in charge of the White House Security Review.

Mr. Huse served over five years as a commissioned officer in the United States Army with two combat tours in Vietnam. He is a graduate of Boston College.

[7] See the Program Integrity chapter for additional information about the role of the OIG.

OTHER EXECUTIVE APPOINTMENTS

Commissioner Chater selected the majority of SSA's top staff who served during the Clinton Administration. This chapter contains a brief resume of the Chief of Staff, General Counsel, Chief Actuary and Deputy Commissioners.

Chief of Staff

Brian Coyne

Commissioner Chater's selection of a Chief of Staff strengthened the Office of the Commissioner. In September 1994, Commissioner Chater appointed Brian Coyne as SSA's first Chief of Staff. As Commissioner Chater conceived the position, the Chief of Staff's role was to support the Commissioner in the day-to-day running of the Agency and to coordinate the decision-making process within the Agency. In addition, the Chief of Staff was to act as liaison between the Agency and other organizations, both within and outside of the government. Mr. Coyne was known throughout the Agency as a strong and accessible Chief of Staff. Immediately prior to accepting the Chief of Staff position, Mr. Coyne was Deputy Chief of Staff to the Governor of Rhode Island.

General Counsel

When SSA became an Independent Agency, it had to create an Office of the General Counsel (OGC) as it did not have an in-house counsel's office. As an operating component of HHS, SSA received its legal services from the Department's OGC. That office had several divisions that provided advice to components within HHS. The Social Security Division, which was located at SSA Headquarters in Woodlawn, MD, provided program advice and litigation services to SSA. The Business and Administrative Law Division in Washington, D.C. provided legal advice and litigation support on non-programmatic, general law matters. The Legislation Division, also located in Washington, provided legal advice on proposed legislation and support in dealing with congressional staff. To create a new OGC involved building an organizational structure, undertaking new roles, and earning the confidence and respect of other SSA components.

On March 31, 1995, SSA established its own OGC that was headquartered in Woodlawn, with 10 regional offices and a small staff co-located within the Office of Hearings and Appeals (OHA) in Falls Church, VA.

In April 1995, Arthur J. Fried was appointed by Commissioner Chater the first General Counsel of the newly independent SSA. Mr. Fried came to SSA from New York City, where he served two of its largest agencies. He was General Counsel to the New York City Department of Housing Preservation and Development and Acting General Counsel and Deputy General Counsel for the City's Human Resources Administration.


Arthur J. Fried

Over the five years Mr. Fried served as General Counsel, he successfully built an organization from the ground up. He established offices and created the internal mechanics to ensure that OGC functioned properly and effectively. His efforts helped to ensure that the newly established OGC was a strong one and resulted in OGC gaining the Agency's confidence.

Chief Actuary

The Conference Report on the House and Senate versions of the Independent Agency legislation emphasized the "very important role of the Office of the Actuary in assessing the financial condition of the Social Security trust funds and in developing estimates of the financial effects of potential legislative and administrative changes in the Social Security program."

The role of the Chief Actuary and SSA's actuarial staff was further emphasized in Public Law 104-121, enacted into law on March 29, 1996. Section 103(e) of the Senior Citizens Right to Work Act (P.L. 104-121) provides for a Chief Actuary, who shall be appointed by, and in direct line of authority to, the Commissioner of Social Security. This provision, in effect, ratified the already-existing position of Chief Actuary and specified that the Chief Actuary shall report directly to the Commissioner.

The Office of the Chief Actuary is responsible for the preparation of the annual report of the Board of Trustees of the OASDI trust funds. This is a report on the financial status of the OASDI program in the short-range (next 10 years) and in the long-range (next 75 years). Thus, the actuarial staff must work closely with the staffs of the Board of Trustees in preparing the annual report. In preparing the actuarial cost estimates for the annual report of the Board of Trustees, SSA's actuarial staff recommends to the Board the underlying economic and demographic assumptions that must be made. Under the law as in effect before the Independent Agency legislation, a Social Security Advisory Council was established every four years. One of the tasks of the various Advisory Councils established over the years was to develop proposals for changes in the Social Security program. The actuarial staff at SSA was responsible for the preparation of cost estimates for the Advisory Councils' proposals. Quite often, the various Advisory Councils that were established also appointed a technical panel of outside experts, such as actuaries, economists, and demographers to review and report on the appropriateness of the assumptions of the Board of Trustees. The actuarial staff worked closely with the various technical panels in their analyses of the assumptions, methods of preparing the actuarial estimates, and the presentation of the estimates.


Harry C. Ballantyne

Harry C. Ballantyne has been Chief Actuary of SSA since 1982. In this capacity, he is responsible for monitoring the financial status of the Social Security system and estimating the effects of proposals to modify the program. Prior to assuming his present position, he was Deputy Chief Actuary for short-range estimates from 1975 to 1982.

Deputy Commissioner for Legislation and Congressional Affairs

After the Agency became independent in 1995, SSA's legislative office became much higher profile with direct contact with the Congress, OMB, and the White House. The Office of Legislation and Congressional Affairs (OLCA) reported directly to the Commissioner reflecting the importance of legislative and congressional affairs to the Agency's work as a result of Independent Agency. OLCA successfully advocated SSA's legislative policy and positions on the Hill.


Judy Chesser

Commissioner Chater appointed Judy L. Chesser as Deputy Commissioner for Legislation and Congressional Affairs effective March 31, 1995. Ms. Chesser came to SSA as the Associate Commissioner for Legislation and Congressional Affairs in June 1994. Ms. Chesser has the lead in developing SSA's legislative agenda, which she presents to OMB and the Congress. She advises senior SSA officials on their testimony for Congressional hearings, and conducts liaison activities with Congressional members and their staffs. The Office of Legislative Affairs maintains offices in Washington and Baltimore.

Ms. Chesser worked for 10 years as Director of New York City's Washington office before coming to SSA. In that capacity, she formulated legislative strategy to advance the interests of New York City as they related to Federal issues.

Deputy Commissioner for Systems


Dean Mesterharm

D. Dean Mesterharm, a career employee, was selected as Deputy Commissioner for Systems by Commissioner Chater in March 1996. Mr. Mesterharm joined SSA in 1985 as the Director of Computer Processing Operations. In 1987, he was selected to be the Assistant Deputy Commissioner for Systems. He is credited for first alerting SSA to the Y2K problem as early as 1989.

Deputy Commissioner for Communications

After Independent Agency legislation became effective in March 1995, SSA quickly assumed a more prominent profile in the Nation's capital. For example: media contacts became more frequent, officials made more public appearances and testified more often before Congress, and SSA employees began to participate more frequently in local events and media opportunities about Social Security.

Commissioner Chater consolidated the Agency's previously divided communications functions into a single Office of Communications in June 1996. This reorganization provided a foundation for developing a comprehensive and cohesive communications plan at SSA.

Commissioner Chater elevated the office to Deputy Commissioner level and selected Joan E. Wainwright as Deputy Commissioner for Communications in June 1996. Ms. Wainwright served in a variety of positions in the public relations field before coming to SSA in 1994 as the Associate Commissioner for Public Affairs.

Joan Wainwright

Under Ms. Wainwright's leadership, the Agency worked diligently to put an effective and accountable communication program in place. SSA established the strengthening of public understanding as a principal Agency goal, so that 90 percent of all Americans may be considered knowledgeable about the Social Security program by 2005.

Deputy Commissioner for Human Resources

Paul D. Barnes, a career employee, has served as the Deputy Commissioner for Human Resources since March 31, 1997. He is responsible for providing executive leadership and direction for the Agency's human resource programs for its 65,000 employees. These programs include personnel management, labor-management relations, civil rights and equal opportunity, training, and workforce analysis.

Paul D. Barnes

Mr. Barnes has held a number of positions since joining SSA in 1968, including Regional Commissioner in Chicago. He was the Assistant Deputy Commissioner for Operations before assuming his current position.

Deputy Commissioner for Operations


Carolyn W. Colvin

Commissioner Apfel named Carolyn W. Colvin as the Deputy Commissioner for Operations in April 1998. She manages SSA's workload operations components responsible for the delivery of services to the public. Ms. Colvin directs the activities of nearly 50,000 employees located in headquarters, regional offices, field offices, teleservice centers and processing centers.

Ms. Colvin has been with SSA since August 1994, when she was appointed the Deputy Commissioner for Policy and External Affairs. Before assuming her current position, she was the Deputy Commissioner for Programs and Policy. Prior to joining SSA, Ms. Colvin was the Secretary of the Maryland Department of Human Resources, the fourth largest Agency in the state, with a $1 billion budget and 7,000 employees.

Deputy Commissioner for Disability and Income Security


Susan Daniels

Susan M. Daniels was selected as Deputy Commissioner for Disability and Income Security Programs, effective April 1998. She is responsible for the direction and policy governing the OASDI programs. She leads the program policy and management staff at SSA headquarters, Office of Hearings and Appeals and a disability determination process in 54 State agencies with an administrative budget of more than $1 billion with over 11,000 employees. Dr. Daniels joined the Agency in August 1994, as Associate Commissioner for Disability.

Prior to coming to SSA, Dr. Daniels was the Associate Commissioner of the Administration on Developmental Disabilities in HHS.

Deputy Commissioner for Finance, Assessment and Management


Yvette S. Jackson

On May 5, 1998, Commissioner Apfel named Yvette S. Jackson to the position of Deputy Commissioner for Finance, Assessment and Management. Ms. Jackson is responsible for overseeing all financial operations for the Nation's largest domestic program, which accounts for 25 percent of the non-defense Federal budget. She provides executive leadership in administering an annual operating budget of almost $7 billion, supporting 65,000 employees.
Prior to joining SSA, Ms. Jackson was the Administrator of the Food and Nutrition Service in the Department of Agriculture (USDA). As

Administrator, she oversaw USDA's 15 nutrition assistance programs and managed an Agency budget of $40 billion and a staff of 1,700.

Deputy Commissioner for Policy

Strengthening the policy development and analysis mechanisms at SSA, through the creation of a central policy-making component, was among the Agency's first priorities after becoming an Independent Agency. The need for a stronger policy role was also articulated in the first report of the recently created Social Security Advisory Board, Developing Social Security Policy: How the Social Security Administration Can Provide Greater Policy Leadership, released in March 1997. In the report's opening message, the Board called attention to the fact that policy development was the first issue that they addressed because of the primary importance they placed on it. One of the report's key findings was that Agency leadership had given insufficient attention since the mid-1970s to policy issues, especially larger policy issues. The report noted that frequent organizational changes plagued the policy area and that policy responsibility within the Agency was fragmented and lacked continuity.

The Board's key recommendations were that SSA provide greater policy leadership and strengthen policy research. In particular, they recommended that the Commissioner place a high priority on policy and research with the head of the policy development organization reporting directly to the Commissioner. In addition, the Board recommended that SSA should (1) address the larger policy issues and undertake analyses of the effectiveness of its programs, (2) strengthen SSA's policy, research, and evaluation capability through new staff and greater interaction and coordination with research and policy people outside SSA, (3) attend to the organizational structure, and (4) encourage additional research by developing surveys and administrative data for research, evaluation, and policy purposes, both inside and outside the Agency.

Soon after his appointment, Commissioner Apfel stated that one of the pressing challenges facing the Agency was improving its policy-making process. To this end, the Commissioner selected Dr. Jane L. Ross as Deputy Commissioner for Policy in April 1998. The Office of Policy maintains offices in Washington and Baltimore.

Jane L. Ross

Dr. Ross is a respected economist and possesses a wealth of knowledge and leadership ability. She was the Director for Income Security Issues, GAO, prior to joining SSA as a Deputy Commissioner. Ms. Ross also served in SSA before as Deputy Associate Commissioner for Policy and Director, Office of Research and Statistics.

Dr. Ross holds a Ph.D. and a Master's Degree in Economics and a Bachelor's Degree in International Relations, all from American University.

SOCIAL SECURITY ADVISORY BOARD

The Independent Agency legislation eliminated the quadrennial Advisory Councils on Social Security that had been provided under the old law. The advisory nature of the work performed by the Advisory Councils became the province of the Social Security Advisory Board (Board). The seven-member bipartisan Board was created to advise the President, the Congress, and the Commissioner of Social Security on matters relating to the Social Security and SSI programs.

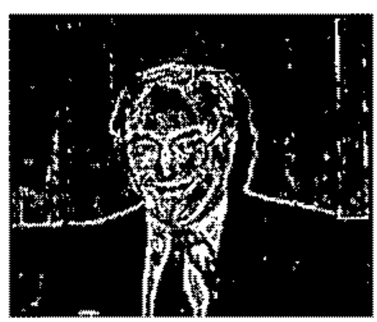
Advisory Board members are appointed to six-year terms, made up as follows: Three appointed by the President (no more than two from the same political party); and two each (no more than one from the same political party) are appointed by the Speaker of the House (in consultation with the Chairman and Ranking Minority Member of the Committee on Ways and Means) and by the President pro tempore of the Senate (in consultation with the Chairman and Ranking Minority member of the Committee on Finance). Presidential appointees are subject to Senate confirmation.

Board members serve staggered terms. The statute provides that the initial members of the Board serve terms that expire over the course of the first six-year period. The President appoints the Chairman of the Board for a four-year term, coinciding with the term of the President, or until the designation of a successor.

Since the Board began meeting in the spring of 1996, it has worked to address the broad mandate that the law provides. The Board's work has encompassed a number of important issues, including long-range financing for Social Security; changes in the disability programs; SSA's policy development, research, and program evaluation; the Agency's quality of service to the public; the SSI program; and public understanding of Social Security.

Harlan Mathews, a former United States Senator from Tennessee (he replaced Al Gore in the Senate when Senator Gore became Vice President in 1993) served as the first Chair of the Board from January 1996 to September 1997. Senator Mathews previously was Secretary of the Cabinet for Tennessee Governor, Ned McWherter, and Tennessee's State Treasurer. During his 13-year tenure as State Treasurer, he administered a state-wide public employee pension program. Stanford G. Ross replaced him in October 1997.

Mr. Ross was Commissioner of Social Security during the Carter Administration. He is an expert in Social Security and Federal taxation issues. Mr. Ross is a Director, former President, and founding member of the National Academy of Social Insurance, and serves as Chair of its International Understanding Committee. In addition, he served as a public trustee of the Social Security and Medicare trust funds during the Bush and Clinton Administrations.



Stanford G. Ross

The six other members as of December 2000 were:

- Jo Anne Barnhart (House Appointee). Most recently, Ms. Barnhart served as Political Director for the National Republican Senatorial Committee. From 1990 to 1993, she served as Assistant Secretary for Children and Families, HHS. Ms. Barnhart's term is from October 1998 to September 2004. She previously served from March 1997 to September 1998.

- Martha Keys (House Appointee). Ms. Keys served as a Congresswoman in the 94th and 95th Congresses, where she served on the House Committee on Ways and Means, Subcommittees on Health and Public Assistance, and Unemployment Compensation. Ms. Keys' term is from October 1999 to September 2005. She previously served from October 1994 to September 1999.

- David Podoff (Senate Appointee). Mr. Podoff is currently Minority Staff Director and Chief Economist for the Senate Committee on Finance. Prior to heading the Democratic Staff of the Committee, he served as its Minority Chief Health and Social Security Counselor and Chief Economist. Mr. Podoff's term is from October 2000 to September 2006.

- Sylvester J. Schieber (Senate Appointee). Mr. Schieber is Director of the Research and Information center at Watson Wyatt Worldwide. He specializes in analysis of public and private retirement issues and the development of special surveys and data files. Mr. Schieber's term is from January 1998 to September 2003.

- Gerald M. Shea (Presidential Appointee). Mr. Shea serves as Assistant to the President for Government Affairs at the AFL-CIO, a position he has held since 1995. He served as a member of the 1994–1996 Advisory Council on Social Security. Mr. Shea's term is from October 1998 to September 2004. He previously served from January 1996 to September 1998.

- Mark A. Weinberger (Presidential Appointee). Mr. Weinberger is the Director of the U.S. National Tax Department for Ernst & Young LLP. Prior to this, he served as Chief of Staff and Counsel to the President's 1994 Bipartisan Commission on Entitlement and Tax Reform (the Kerrey-Danforth Commission). Mr. Weinberger's term is from October 2000 to September 2006.

Former members and their positions while serving were:

- Harlan Mathews (Presidential Appointee), Chair. Senator Mathews served from January 1996 to September 1997.

- William C. Brooks (Presidential Appointee), Vice President of Corporate Relations, General Motors Corporation. Mr. Brooks served from January 1996 to September 1996.

- Lori L. Hansen (Senate Appointee), Policy Analyst at the National Academy of Social Insurance. Ms. Hansen served from October 1994 to September 2000.

- Arthur "Pete" Singleton (House Appointee), Consultant on Trade, Health and Social Security legislation. Mr. Singleton served from November 1994 to October 1996. He left the Board to be the Majority Staff Director, House Ways and Means Committee.

- Carolyn L. Weaver (Senate Appointee), Director of Social Security and Pension Studies at the American Enterprise Institute. She was a member of the 1994–1996 Advisory Council on Social Security. Ms. Weaver served from October 1994 to September 1997.

BOARD OF TRUSTEES

Before the Independent Agency legislation, the Board of Trustees of the OASDI trust funds consisted of five members: the Secretary of the Treasury, who is the Managing Trustee; the Secretary of Labor; the Secretary of Health and Human Services; and two public trustees appointed by the President and confirmed by the Senate. The Commissioner was the Secretary of the OASDI Board of Trustees. Under the Independent Agency legislation, the membership of the Board of Trustees was increased from five members to six members. The Commissioner of Social Security, as provided for in the law, was the new member of the OASDI Board of Trustees. The Commissioner also became a member of the Board of Trustees of the Hospital Insurance (HI) Trust Fund and of the Board of Trustees of the Supplementary Medical Insurance (SMI) Trust Fund. Under the transition rules, Commissioner Chater continued to serve as the Commissioner of the newly Independent Agency. Thus, Commissioner Chater served as a member of the Boards of Trustees when the 1995 and 1996 Trustees Reports were issued. When the 1997 Trustees Reports were issued in April 1997, John J. Callahan, then Acting Commissioner of Social Security, served as a member of the Board of Trustees. Also under the law, the Deputy Commissioner of Social Security became the Secretary of the OASDI Board of Trustees. The Secretary of the Boards of Trustees of the HI Trust Fund and the SMI Trust Fund remained the Administrator of the Health Care Financing Administration.

The Public Trustee positions were created by the Social Security Amendments of 1983. Stanford G. Ross and David M. Walker began four-year terms on October 2, 1990. They continued to serve through the issuance of the annual report for 1995.[8]

Mr. Ross was Commissioner of Social Security (1979-1980). He currently serves as Chair of the Social Security Advisory Board. He is an attorney at Arnold & Porter in Washington, D.C.

[8] The Social Security Act allows a public representative whose term has expired to continue in the position until the earlier of the time at which a successor takes office or the Board's next annual report is issued.

Mr. Walker was a partner and worldwide managing director of the compensation and benefits practice of Arthur Anderson LLP based in Atlanta, GA. Mr. Walker currently serves as the Comptroller of the United States.

Stephen G. Kellison and Dr. Marilyn Moon were appointed by President Clinton and confirmed by the Senate to serve four-year terms as public trustees on July 20, 1995. They continued to serve through the issuance of the annual report for 2000.

Mr. Kellison is Senior Vice President and Chief Actuary of American General Retirement Services of Houston, TX.

Dr. Moon is a Senior Fellow with the Health Policy Center of the Urban Institute in Washington, D.C.

Dr. John L. Palmer and Dr. Thomas R. Saving were appointed by President Clinton and confirmed by the Senate to serve four-year terms as public trustees beginning on October 28, 2000.

Dr. Palmer is Dean and Professor of Economics and Public Administration of the Maxwell School of Citizenship and Public Affairs at Syracuse University.

Dr. Saving is Director of the Private Enterprise Research Center and Professor of Economics at Texas A&M University.

EXHIBIT 1

NON-CAREER SSA APPOINTEES

PRESIDENTIAL APPOINTEE/SENATE CONFIRMED (PAS)

NAME	POSITION	BEGINNING/ENDING DATE WITH SSA
	COMMISSIONERS	
Kenneth S. Apfel	Commissioner of Social Security	09/97 – Present
John J. Callahan, Ph.D.	Acting Commissioner of Social Security	03/97 – 09/97
Shirley S. Chater	Commissioner of Social Security	10/93 – 02/97
	DEPUTY COMMISSIONERS	
William A. Halter	Deputy Commissioner of Social Security	11/99 – Present
Jane G. Gould	Deputy Commissioner (Nominee)	Withdrew
Linda Colvin Rhodes	Deputy Commissioner (Nominee)	Withdrew
	INSPECTOR GENERALS	
James G. Huse	Inspector General	11/99 – Present
David C. Williams	Inspector General	12/95 – 06/98

SENIOR EXECUTIVE SERVICE (SES)

NAME	POSITION	BEGINNING/ENDING DATE WITH SSA
Brian Coyne	Chief of Staff	09/94 – Present
Arthur J. Fried	General Counsel	04/95 – 08/00
Judy L. Chesser	Deputy Commissioner for Legislation and Congressional Affairs	06/94 – Present
Carolyn W. Colvin	Deputy Commissioner for Operations	08/94 – Present
Susan M. Daniels	Deputy Commissioner for Disability and Income Security Programs	08/94 – 12/00
Yvette S. Jackson	Deputy Commissioner for Finance, Assessment and Management and Chief Financial Officer	05/98 – Present
Jane L. Ross	Deputy Commissioner for Policy	04/98 – Present
Joan E. Wainwright	Deputy Commissioner for Communications	12/94 – 05/00
James Terry Edmonds	Associate Commissioner for External Affairs	12/97 – 08/99
Barbara B. Kennelly	Associate Commissioner for Retirement Policy	2/99 – 7/00
Eduard A. Lopez	Special Counselor to the Commissioner	04/95 – Present
Lisa M. Mallory	Counselor to the Deputy Commissioner for Disability and Income Security	08/99 – Present
James Roosevelt Jr.	Associate Commissioner for Retirement Policy	09/98 – 11/99
Cassandra F. Wilkins	Senior Advisor to the Commissioner	04/94 – Present

Schedule C Positions

NAME	POSITION	BEGINNING/ENDING DATE WITH SSA
V. Lovell Brigham	Deputy Press Officer	03/98 – 10/98
Judith S. Crandell	Speechwriter, Office of Communications	06/99 – Present
Juan E. Lopez	Special Assistant to the Chief of Staff	05/99 – Present
Ashley K. Merryman	Office of Communications	06/96 – 10/98
Robert A. Nickerson	Confidential Executive Assistant and Scheduler to the Commissioner	11/94 – Present
Catherine L. Noe	Press Officer	03/98 – Present
Lisa Peoples	Special Assistant to the Chief of Staff	04/97 – 03/99

CHAPTER THREE: PROGRAM SOLVENCY

During the middle and late 1990s, polling data suggested some erosion in public confidence in Social Security. Younger people, particularly, had very low levels of confidence that benefits would "be there" for them when they retired.[1] A poll conducted by National Public Radio in 1999 indicated that there was still considerable confusion about the future of the Social Security system.[2] Because it is projected to have long-range financing problems, the Social Security program is high on the Nation's agenda. The debate over long-term solvency remains a focus of intense public interest.

From the very inception of Social Security, there was an emphasis on the program's long-range fiscal viability. President Roosevelt signed the Social Security Act into law on August 14, 1935, in response to the economic hardships created by the Great Depression. This new social insurance program sought to address the long-range problem of economic security for the aged through a contributory system. In that system, the workers themselves contributed to retirement benefits by making regular payments into a common fund. Social Security is a compact between generations. It is basically a pay-as-you-go program. The Social Security taxes collected from today's workers pay the benefits of today's retirees.

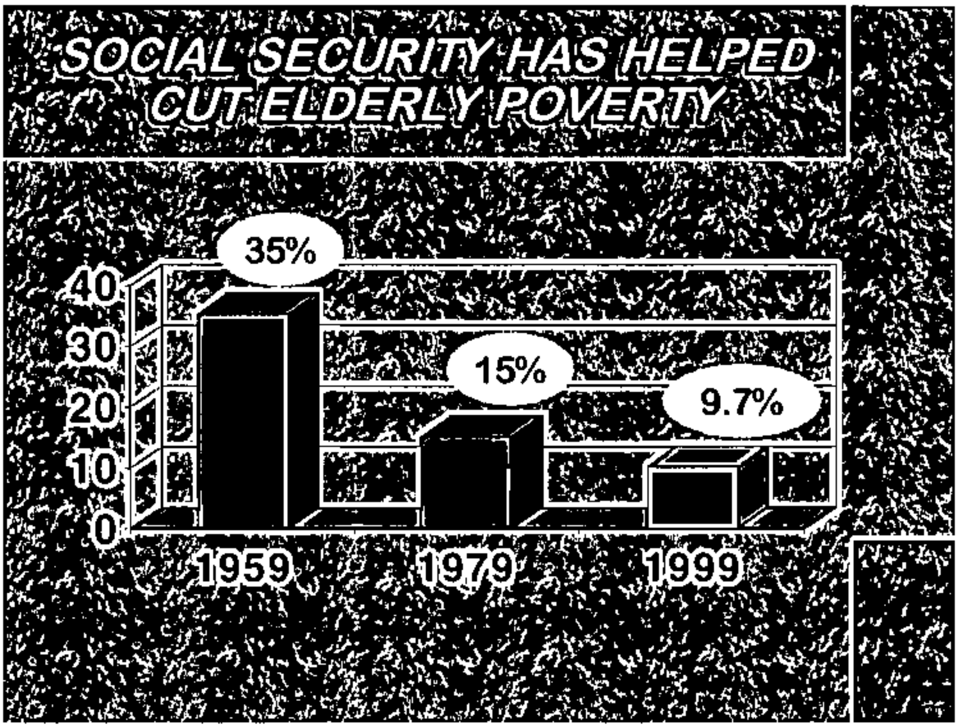
President Roosevelt signing the Social Security Act into law

[1] American Council of Life Insurance. The Polls-Poll Trends: Social Security, An Update. *Public Opinion Quarterly*, Fall 1995, pgs. 424-425.
[2] National Public Radio, 1999, "NPR, the Kaiser Family Foundation, and Harvard University's Kennedy School of Government's Poll on Social Security."

FABRIC OF AMERICA

Social Security is part of the fabric of America and its importance to the nation cannot be overestimated. Approximately 153 million workers (96 percent of American workers and their families) are covered under Social Security. The program sends monthly benefits to more than 45 million beneficiaries.

Social Security is our Nation's greatest anti-poverty program. Without it, nearly half of all older Americans would be living in poverty today instead of 9.7 percent, the 1999 rate. Social Security benefits lifted roughly 15 million senior citizens out of poverty in 1999. For 24 million of the elderly, Social Security is a major source of income and for half of that group, it is their only source.[3]



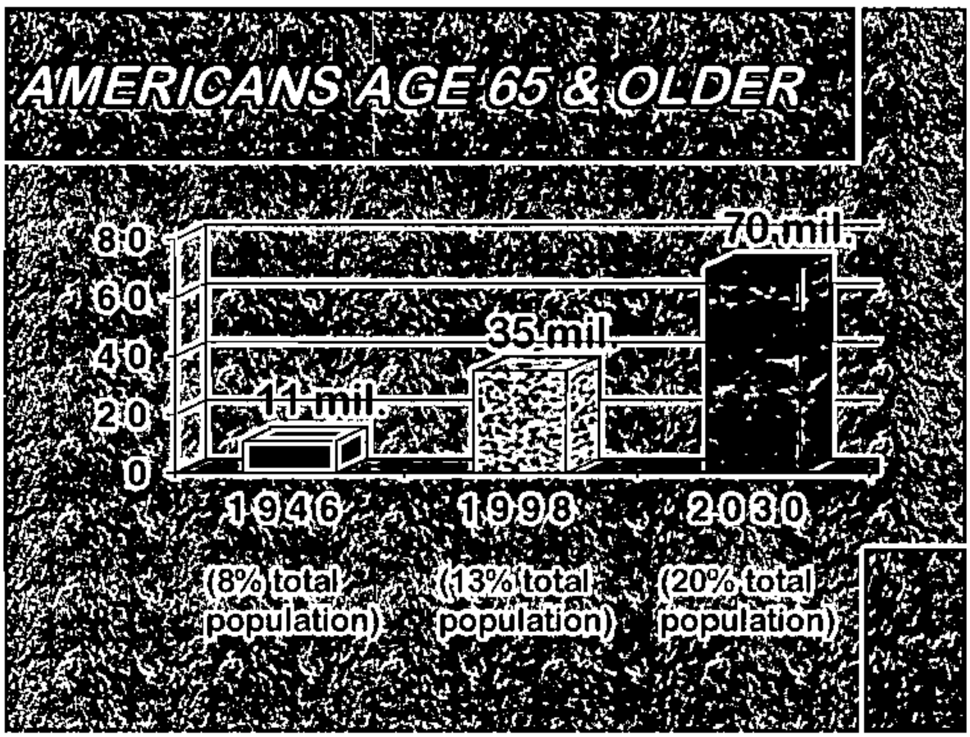
In the last 40 years, Social Security has helped cut the poverty rate among the elderly by 72%.

[3] Social Security Administration, Office of Research, Evaluation, and Statistics.

DEMOGRAPHIC CHALLENGES

When the Board of Trustees issued their 2000 Annual Report on March 30, 2000, they projected that over the next 75 years, Social Security's expenditures will exceed its income on average by 16 percent. The major factors placing a financial strain on the program are increasing longevity; lower birth rates; and fewer workers supporting more beneficiaries.

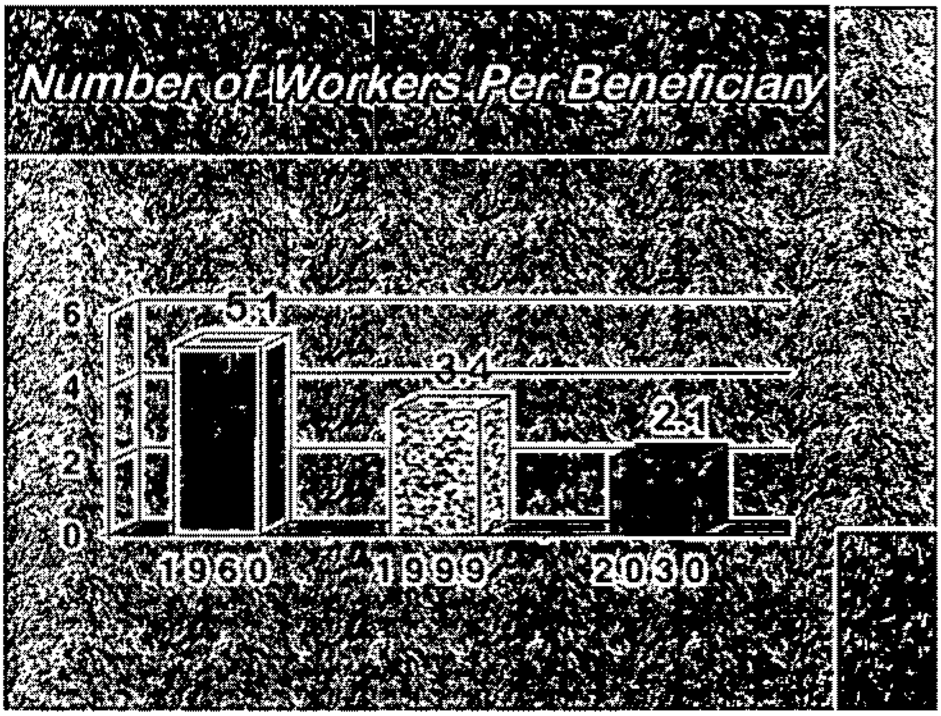
In 1946, 11 million Americans were 65 or older, compared to 35 million in 2000. By 2030, this senior population is projected to grow to 70 million. As a result, the ratio of workers to retirees is projected to decline. Americans are living longer, healthier lives. The life expectancy at age 65 for men in 1940 was 11.9 years, compared to 15.8 years in 1999. In 1940, the life expectancy at age 65 for women was 13.4 years; in 1999 it was 19.1 years. By 2030, life expectancy at age 65 is projected to rise from the 1999 levels by another 1.7 years for men and 1.3 years for women.



Currently, there are about 35 million Americans age 65 and older; by 2030, there will be nearly twice that number.

The demographic challenge facing Social Security is not just the number of years people are living; it is also a result of historical and projected birth rates. The period 1946-1964 was a time of high birth rates. Americans born during this period are referred to as the baby boom generation. This generation will begin to turn 65 in 2011. Following the baby boom period was one of much lower birth rates. In the future, birth rates are projected to remain at these lower levels.

The number of workers for each beneficiary has declined and that trend will continue. In 1960, there were 5.1 workers per beneficiary. This ratio is projected to decrease to 2.1 workers per beneficiary by 2030, placing a strain on the pay-as-you-go system.



FINANCIAL CHALLENGES

It is projected that the Social Security system will face a long-term deficit. In its 2000 Annual Report, the Board of Trustees estimates that the program's expenditures will exceed its income over the next 75-year period. The Old Age, Survivors, and Disability Insurance (OASDI) Trust Funds will incur an actuarial deficit of 1.89 percent of taxable payroll.[4] Based on intermediate assumptions, the OASDI Trust Funds are projected to

[4] Based on 2000 Trustees Report, intermediate assumptions. The actuarial balance is the most commonly used measure of long range solvency of the OASDI program. This measure indicates the size of the difference between

begin paying out more in benefits than they collect in taxes in 2015. Total income (tax revenue plus interest income) will exceed outgo until 2025. The Trust Funds are expected to decline until exhaustion in 2037, when annual tax income will be able to pay for only about 72 percent of benefits.

Annually, the Board of Trustees releases a report on the financial condition of the OASDI Trust Funds. The following chart shows the history of the Trustees' projections for each year of the Clinton Administration when the Trust Funds will become insolvent.

Social Security Trustees' Reports

REPORT	YEAR COSTS WILL EXCEED TAX REVENUES	YEAR TRUST FUNDS' BALANCE WILL PEAK	YEAR TRUST FUNDS ARE EXHAUSTED
1993	2017	2024	2036
1994	2013	2018	2029
1995	2013	2019	2030
1996	2012	2018	2029
1997	2012	2018	2029
1998	2013	2020	2032
1999	2014	2021	2034
2000	2015	2024	2037

By using the intermediate assumptions, it is estimated that the Social Security system will be insolvent in 2037. However, this projected insolvency of the Trust Funds is not unprecedented. In the 1970s, the Social Security Board of Trustees predicted short-term and long-term financial problems for the system. This situation was created by a variety of economic and demographic trends, such as higher than expected inflation, lower fertility rate, and the relationship between wage and price growth. Congress addressed these issues with the passage of the 1977 Amendments. Major provisions included: increasing the tax rate; increasing the

expected financing and cost for the program over a 75 year period. The actuarial balance is expressed as a percentage of taxable payroll over the 75 years.

earnings base; lowering the age at which the earnings test no longer applied; and reconfiguring the benefit formula.

In the early 1980s, the Social Security program faced another serious financing crisis. A blue-ribbon panel, known as the Greenspan Commission, was appointed to study the financing issues and make recommendations for legislative changes. The final bill, signed into law in 1983, made numerous changes to the Social Security program including: taxing Social Security benefits; covering federal employees; raising the retirement age, starting in 2000; and increasing the reserves in the Trust Funds. With the 1983 Amendments, financing problems faced by Social Security in the late 1970s and early 1980s were temporarily resolved, but the long-range financing challenge reappeared a few years later.

ADVISORY COUNCIL ON SOCIAL SECURITY

As required by law on March 23, 1994, the Secretary of Health and Human Services, Donna E. Shalala, established the 1994-1996 Advisory Council on Social Security. Secretary Shalala and Commissioner Shirley S. Chater asked the Advisory Council to focus specifically on the long-term fiscal imbalance of the OASDI program. The Advisory Council used the intermediate assumptions of the 1995 report of the Board of Trustees to examine the benefit structure in the OASDI program from various distributional perspectives and to recommend revisions as appropriate. While the Advisory Council expected to release their report in 1995, they finally released it in January 1997. Although the Advisory Council agreed on the overall concerns about the program, they could not reach consensus on a single approach for dealing with Social Security's financial difficulties. The Council members were deeply divided on recommending an approach to address the long-range financing problem facing Social Security. Various Council members developed three different solvency plans; no single plan was supported by a majority of the 13 members. As the Council itself indicated with regard to the different proposals, "...each involves a very different vision for the future evolution of the U.S. retirement system." The three different plans were:

1. Maintenance of Benefits (MB) – Includes keeping the program's overall benefit structure the same; eventually increasing the payroll tax and minor benefit cuts; and investing part of the Trust Funds in the stock market.

2. Publicly-Held Individual Accounts (IA) – Includes cuts in benefits; employees contributing 1.6 percent of pay to individual savings accounts, in addition to the current 12.4 percent OASDI tax rate.

3. Privately-Held Individual Accounts (PSA) – Includes replacing Social Security with a two tier system consisting of a flat retirement benefit (tied to the number of years of work) and an individually owned retirement account funded by a 5 percentage point contribution from the current OASDI tax rate.

CONGRESSIONAL INTEREST AND SOLVENCY PROPOSALS

While a few Social Security reform proposals had been offered prior to the release of the Advisory Council's report, the release of this report acted as a catalyst for increased public and congressional interest in how best to address the long-range financing issues of the Social Security program.

Over the period 1993-2000, Congress held 46 hearings on Social Security solvency or closely related issues. The topics of the hearings ranged from the overall status of the trust funds, to specific solvency plans, to specific features of some plans—e.g., raising the retirement age. Most of these congressional hearings occurred after the Advisory Council submitted their report. Of these 46 hearings, an SSA witness testified at 27 of them, 18 of which the Commissioner of Social Security provided testimony.

In the 103rd-105th Congresses (1993-1998), 21 plans were offered by Members of Congress to provide reforms to deal with the long-range financing challenge facing Social Security, and in the 106th Congress (1999-2000), there were 23 such plans. In general, the solvency bills were sponsored by relatively few Members of Congress and often had only a small number of or no co-sponsors. In some cases, the same Member of Congress introduced several bills that were variations on a theme. No single bill or specific plan gained significant support in the Congress.

In addition to Congress sponsored plans, various commissions proposed their own solutions. For example, President Clinton established the 1994 Bipartisan Commission on Entitlement and Tax Reform[5] to examine the impact of entitlement programs on the Nation's future and to recommend reforms. The Center for Strategic and International Studies developed the 1998 National Commission on Retirement Policy to examine the fiscal challenges posed by the retirement of the Baby Boom population. "Think-tanks" and other public policy organizations as well as prominent individuals with long-standing interest in Social Security were also active in developing and suggesting their own plans.

Proposals for reforming Social Security ranged from maintaining the current structure to changing the investment strategy of the Trust Funds, to dismantling Social Security altogether and privatizing retirement savings.[6]

Proposals, designed to improve long-range solvency, achieve this goal through reductions in benefits, increases in revenues, or some combination of both. Options that policymakers have been considering to reduce benefits include cutting the annual cost-of-living adjustment (COLA), changing the benefit formula, making across-the-board cuts, and increasing the normal retirement age. Options to increase trust fund revenue include raising payroll taxes; transferring revenues from the general fund of the Treasury to the Trust Funds; covering newly hired state

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[5] The panel consisted of Members of Congress and private citizens.

[6] Daly, Mary C., Economist, Federal Reserve Bank of San Francisco, *Economic Letter*, Number 99-20, June 25, 1999.

and local employees in the system, and increasing the amount of earnings subject to the payroll tax.[7]

Almost all legislative proposals advanced to restore long-range solvency would make use of the nation's financial markets to improve the rate of return under the system. One group of proposals would alter the Social Security trust fund's investment policies to allow the funds to include equity investments. This change would be consistent with the investment practices of state pension funds and is designed to increase the return to the trust funds so that smaller reductions in benefits or smaller increases in revenue would be needed. Some proposals include provisions that would use some of the Federal budget surplus to make general revenue transfers to support Social Security.

Other proposals would permit or mandate the creation of personal savings accounts—either as a substitute for Social Security benefits or as a supplement to them. These accounts are generally financed either by a redirection of a portion of the current Social Security payroll tax or by funds from general revenues of the government. Because redirecting a portion of payroll taxes to fund individual accounts would have a negative effect on solvency, these plans include elements that would reduce benefits. In some cases, the plan calls for the reduction or offset of the Social Security benefit based on the growth, or hypothetical growth, in the person's individual account. Another proposal was unique in that it would guarantee the current benefit level, fund individual accounts through general revenues (rather than redirecting a portion of the payroll tax), and then offset the Social Security benefit in most cases by 100 percent of the amount accumulated by the individual account.

THE PRESIDENT'S SOCIAL SECURITY PROPOSALS AND THE NATIONAL DIALOGUE

On September 10, 1997, during his confirmation hearing as Social Security Commissioner Designee, Kenneth Apfel stated:

> *"In all candor, Mr. Chairman, critical discussions about the future of the Social Security program need to take place not only in committee hearing rooms on the Hill, but also in family living rooms all across America. As Commissioner, one of my roles will be to help Americans understand Social Security today, so that they will be prepared to make the tough choices to ensure the program will be there for them tomorrow."*

[7] See Exhibit 1.

Four months later, President Clinton directly addressed the long-term financing problems that were facing the Social Security program in his 1998 State of the Union address and laid out a process to achieve meaningful reform. At the time of his State of the Union address, surpluses ($1 trillion over the next 10 years) were projected in the unified budget, but, he said, the surpluses shouldn't be used until we "Save Social Security First." He said we must educate Americans so that they understand the Social Security program and the issues facing it. President Clinton invited all Americans to join in the discussion. He called for a series of non-partisan, town hall forums throughout the country to engage the citizenry in an informed public debate. On February 9, 1998, he delivered a major address on Social Security at Georgetown University in Washington, D.C. as the unofficial launch of the year-long process of discussing the future of Social Security.

The Agency played a prominent role as 1998 became a year of intensive activity aimed at expanding the discussion of the Social Security program. Commissioner Apfel urged dozens of organizations, including advocacy groups for minorities, youth, and senior citizens; public policy and grass roots groups; trade associations; and business and labor organizations to engage in the dialogue. Social Security provided informational materials and analyses to help promote the discussions.

At the beginning of this initiative, Commissioner Apfel indicated the importance of these discussions when he made a speech to the National Academy of Social Insurance at the National Press Club on January 30, 1998, just three days after the President's State of the Union address. He said:

> *"In the coming weeks and months, we need to educate the American public about the basics of this complex, financial program. We need to explain its importance, and we need to make the program real to as many Americans as possible."*

In addition to these agency activities, Commissioner Apfel participated in regular White House meetings with the President's Senior Economic team to explore policy options and to assist the President in developing his Social Security reform proposal. This group met regularly with the President to discuss how best to achieve meaningful Social Security reform. Those meetings continued throughout the remainder of the President's second term in office.

At the request of the President, the Concord Coalition and the American Association of Retired Persons co-sponsored **The Great Social Security Debate**, a series of national discussions about the future of Social Security that President Clinton had called for in his State of the Union address. On April 7, 1998, President Clinton participated in the first of the national forums. It was held on the campus of Penn Valley Community College in Kansas City, Missouri. The second forum took place in Providence, Rhode Island on July 1, 1998, and featured

Commissioner Apfel attending White House Conference on Social Security

Vice President Gore. President Clinton hosted the third regional forum in Albuquerque, New Mexico on July 27, 1998. The bipartisan dialogue culminated with a historic White House Conference on Social Security on December 8-9, 1998, providing a unique opportunity to bring together the benefits of a well-balanced group of experts to facilitate the discussion. The two-day event was held in Washington, D.C. and President Clinton attended the conference. Invited guests submitted two-page proposals for Social Security reform which were published in a book of Conference Statements.

In his 1999 State of the Union address, the President laid out his proposal to "Save Social Security First." He proposed transferring 62 percent of the unified budget surpluses ($2.8 trillion) to Social Security over the next 15 years; saving 15 percent of the surpluses to shore up Medicare; and investing 12 percent of the surpluses into new Universal Savings Accounts. The remaining 11 percent was for defense and other domestic priorities. This would extend solvency an additional 23 years, from 2032 to 2055.

At this time, budget projections began to show that the federal government would accumulate substantial budget surpluses in addition to those produced by Social Security. Republican Leadership responded to the President's proposal to transfer 62 percent of the unified budget surplus to Social Security by pledging to "lock away" the entire Social Security surplus. Much of 1999 turned into a debate over protecting the Social Security surplus, rather than a debate over how to achieve long-term solvency for Social Security.

In his 1999 State of the Union address, President Clinton also expressed his concern about relatively high poverty rates among older women stating "We should reduce poverty among elderly women, who are nearly twice as likely to be poor as our other seniors...." Throughout 1999, SSA analyzed numerous proposals to enhance Social Security benefits in ways that would reduce high poverty rates among older women, particularly widows, relative to the overall elderly population and provide improved economic protection for an especially vulnerable segment of society.

In his 2000 State of the Union message, President Clinton modified his proposal in an effort to achieve bipartisan consensus. He called for locking away the entire Social Security surplus; paying down the national debt; and dedicating the interest savings to Social Security, which would extend solvency from 2037 to 2054. In addition, the President recommended investing a small share of the Trust Funds in equities to further extend the life of the Trust Funds. He called on Congress to work with him on a bipartisan basis to make the additional changes necessary to strengthen the Social Security program and put the program in long-term actual balance.

Throughout 2000, the Administration and Congress attempted to try and advance the debate, despite the looming presidential campaign. The President continued to urge Congress to address the generational challenges facing America in this time of prosperity. Commissioner Apfel continued to travel throughout the country urging that America address these challenges sooner than later. Unfortunately, as President Clinton's term of office came to a close, it became evident that meaningful Social Security reform would not be achieved during this session of Congress.

THE AGENCY'S EDUCATION, POLICY, AND RESEARCH EFFORTS

Throughout the President's second term, SSA worked to ensure that the public had the information it needed to understand the essentials of the program, so they could participate in the discussion of how best to strengthen Social Security for the future. When the President called for a major public discussion on the long-range future of the Social Security program in 1998, the Agency was well positioned to meet its responsibility of advancing public education. Social Security employees had a central role to play in these discussions, not by taking sides, but by educating. In order for SSA to more effectively serve the public, there was a big push behind expanding the capacity of our workforce to engage the public. In 1998, SSA established the "Employees as Ambassadors Program" and trained all 65,000 employees—many whom have become specialists—to answer the tough questions about Social Security. Supporting this effort was an aggressive, proactive public education outreach campaign during the two-year period of 1998 and 1999, employees participated in more than 10,000 events and media opportunities on issues affecting Social Security's future. These events included community seminars, co-sponsored by organizations such as the Junior Chamber of Commerce and Americans Discuss Social Security, and Congressional forums, newspaper editorial boards, and Internet discussions. SSA developed special public information materials to support the national dialogue on long-range financing and published a new booklet entitled The Future of Social Security that outlined important program and financing issues. Well over one million copies of the booklet were distributed.

SSA developed several short background papers about the workings of current Social Security programs for the forums and discussion groups on Social Security solvency issues. The material received more general distribution through SSA's website and elsewhere. The papers included pieces describing how Social Security benefits help women, minorities, and low-wage workers. Another described the low administrative costs of the current program. A series of questions and answers were developed to provide financial and statistical information on solvency issues. They directed website users to selected tables on the trust funds, the financing for Social Security and Medicare, and the dates of currently projected long-range financing shortfalls in the OASI, DI and HI programs. Estimates of the number of workers insured under Social Security and the approximate ratio of workers to beneficiaries were also presented in this way. Fact sheets and other materials were prepared for distribution and discussion at several symposiums such as the October 1998 "White House Round Table on Women and Social Security" and the "First Lady's Social Security and Women" event held on January 23, 1999.

In addition, SSA worked internally and externally developing models and simulations that determined the impact of making major changes to the Social Security system. These included models such as Historical Cohorts, Microsimulation,[8] Modeling Income in the Near Term, and CORSIM. These models dealt with the effects of changes to the Social Security program on distributional impact, economically vulnerable beneficiaries, and long-term cost

[8] The microsimulation model was developed at Cornell University.

analyses. SSA continues to prepare materials on all fiscal effects of various proposals to change the Social Security program.

Although the public debate on long-term solvency of the Social Security system became a central issue in the 2000 Presidential Campaign, national political leaders could not agree on legislation to strengthen the program. In an interview with *Planet Gov.Com* on October 12, 2000, Commissioner Apfel said:

> *"My one regret is that we're not sitting here today saying that we have taken the financial steps that were necessary to assure that we can look our grandchildren in the eyes and say we've got the right financing system in place, that their benefits will be as strong for them as they were for our grandparents."*

He further stated in an interview with the Boston Globe on November 5, 2000, "I was hoping that by now we would see legislation designed to ensure that Social Security would be strong through the 21st Century. Obviously, we haven't made it to the finish line on that one." As indicated, while no consensus on what to do was reached, many agreed that the sooner an agreement is reached the better.

REPEAL OF THE RETIREMENT EARNINGS TEST (RET)

Another significant change in Social Security during the Clinton Administration was the repeal of the Retirement Earnings Test (RET). Originally, Social Security was designed as a social insurance program under which workers and their dependents were to be insured against the loss of earnings as a result of retirement, disability, or death of the worker. Benefits were intended to partially replace the earnings that are actually lost due to these events. In that context, the RET was designed as an objective measure of the earnings amount lost due to retirement.

President Clinton signs bill repealing RET

The Social Security program always had a RET. However, the "all-or-nothing" test in the original 1935 Social

Security Act was modified numerous times to allow retirees to supplement benefits with earnings up to a specified level.

Prior to the repeal in 2000, the first change to the RET during the Clinton Administration occurred in 1996. With the strong support from President Clinton and the Congress, the annual exempted amounts for beneficiaries aged 65 to 69 were legislated to rise annually until reaching $30,000 in 2002. This increase gave many older Americans the opportunity to supplement their Social Security benefits while remaining productive members of the workforce.

Prior to the repeal of the RET, benefits were reduced $1 for every $3 of earnings above the annual exempt amount for beneficiaries age 65-69. Benefits were reduced $1 for every $2 of earnings above the annual exempt amount for beneficiaries below age 65. Unearned income, such as interest income, dividend payments, private pensions and the like, were not counted for purposes of the RET.

In addition, workers were exempt from the test when they reached age 70. For a worker below age 70, his or her earnings above the exempt amount affected not only his or her own benefits, but also the benefits of family members receiving benefits on the worker's earnings record. However, if a dependent or survivor beneficiary has earnings above the exempt amount, those earnings can affect only that individual's payments.

Delayed retirement credits (DRC) are provided to compensate workers age 65-69 whose benefits are withheld under the RET. The DRC increases the worker's retirement benefit for each month after the full benefit retirement age (now age 65 but scheduled to rise to 67 by 2022) that the worker delays filing for benefits or benefits are fully withheld. The DRC is currently six percent per year for workers age 65 in 2000. The DRC percentage will increase 0.5 percentage point every two years until it reaches 8 percent per year for workers reaching full retirement age in 2008 and later. When the DRC is 8 percent per year, benefits lost due to delayed retirement generally will be offset in an actuarially fair manner by the increase in benefits resulting from DRCs.

In early 2000, both the Congress and the President signaled a willingness to repeal the Retirement Earnings Test for those above the normal retirement age. Commissioner Apfel testified before the House Ways and Means Subcommittee on Social Security on this issue on February 15, 2000. Congressional action was swift. The legislation quickly went to the full House where it was passed 422-0 on March 1, 2000 and 100-0 on March 22, 2000 in the Senate. On April 7, 2000, President Clinton signed Public Law 106-182, The Senior Citizens' Freedom to Work Act of 2000. This Act eliminated the RET and the 45-hour foreign work test in and after the month in which a person attains full retirement age, retroactive to January 1, 2000. It also permitted beneficiaries to decline current monthly benefits so that they can earn DRCs. This legislation was estimated to have a negligible effect on the long range financing of Social Security.

Earnings at or after the full retirement age no longer count towards the RET. Beginning in 2000, earnings between January of the year an individual reaches Normal Retirement Age (NRA) and the month before the month of attainment of NRA are counted toward the $1 for $3

RET. For 2000, the excess over $17,000 is counted. For 2001, the excess over $25,000 is counted and for 2002, the excess over $30,000 is counted. Thereafter, the threshold is indexed to the growth in average wages. Beneficiaries would continue to be subject to the lower $1 for $2 test for earnings prior to January of the year of attainment of the NRA.

As a result of this legislation, about 800,000 beneficiaries age 65-69 and 150,000 auxiliary beneficiaries, who previously lost some or all of their benefits under the test, now receive full benefits. In May 2000, about 400,000 beneficiaries in this group were reinstated and received retroactive payments averaging $3,500 per person for benefits due since January. SSA paid a total of $1.5 billion in refunds just three weeks after the legislation was signed into law. Beginning in June 2000, SSA automatically reinstated working beneficiaries as they attained full retirement age.

Between May 2000 and October 2000, SSA sent a series of one-time "Good News" notices informing over 9 million affected working and non-working beneficiaries of the change in the RET and the new option to earn DRCs.

CONCLUSION

The Social Security program has become the most successful and most popular domestic program in the nation's history. It has been providing economic security for workers and their families for 65 years and is America's greatest anti-poverty program. Social Security has made an enormous difference in the lives of older Americans, as more than nine in ten of them receive retirement benefits each month.

However, the 2000 Board of Trustees Report estimates that the OASDI Trust Funds will be exhausted in 2037. President Clinton, Members of Congress, different commissions and organizations, and prominent individuals with a long-standing interest in Social Security all sponsored solvency plans. The Agency played a key role in ensuring that the public had the information it needed to understand the essentials of the program, so they could participate in the discussion of how best to strengthen Social Security for the future. Social Security provided informational materials and analyses to help promote the discussions.[9]

While no consensus on what to do was reached, the need to resolve the long-range financing issue has been made very clear. It will be up to future Administrations and Congresses to address this critical challenge of the aging of America.

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[9] For SSA program statistics during the Clinton Administration, see SSA's Annual Statistics Supplement.

EXAMPLES OF OPTIONS FROM THE SOCIAL SECURITY ADVISORY BOARD

(LONG-RANGE ACTUARIAL DEFICIT OF 1.89 PERCENT OF TAXABLE PAYROLL)

Options	Savings as a % of Taxable Payroll	% of Social Security Deficit Resolved
Lower Benefits		
Reduce the COLA by 0.5 percentage point below CPI, beginning 12/2001	0.74%	39%
Reduce the COLA by 1.0 percentage point below CPI, beginning 12/2001	1.44%	76%
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38, phased in 2002-2006	0.25%	13%
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40, phased in 2002-2010	0.40%	21%
Reduce benefits across the board by 3 percent for new eligibles, beginning in 2001	0.36%	19%
Reduce benefits across the board by 5% for new eligibles, beginning in 2001	0.60%	32%
Speed up present law phase in of increase in the normal retirement age to 67 by 2011	0.13%	7%
Increase the normal retirement age to 67 by 2011; then index (normal retirement age=69 by 2059 and continues to rise)	0.52%	27%

Options	Savings as a % of Taxable Payroll	% of Social Security Deficit Resolved
Increase Revenues		
Raise payroll tax rates (for employees and employers combined) by 2.0 percentage points in 2001	1.96%	104%
Cover all newly-hired State and local government employees, beginning in 2002	0.21%	11%
Make 90% of earnings subject to payroll tax ($145,800 maximum in 2003), with increase phased in 2001-2003	0.64%	34%
Other Options		
Invest 40% of Trust Funds in stocks over 15 years, phased in beginning in 2001	1.02%	54%
Transfer money from Federal budget surplus (general revenue) to offset the OASDI Trust Fund deficit	Impact would depend on the amount transferred.	
Use a portion of the payroll tax (e.g., 2% or 5%) to provide mandatory individual accounts.	Impact would depend on the portion of payroll taxes carved out.	