

**The National Council of Social Security Management Associations, Inc.**

**THE WASHINGTON REPORT  
LEGISLATIVE REPORT 34-2003**

September 24, 2003

• **Congressional Action Related to the Social Security Program for the Week of September 8 – 12, 2003**

Below is a compilation of recent congressional action related to the Social Security Program. Please do not hesitate to contact us if you have any questions or would like us to provide additional information regarding any of the measures.

Rep. **Nick Smith** (R-MI) submitted the following bill to allow for personal retirement savings accounts (the GPO had not received a copy of the bill as of 9/12/03):

**H.R. 3055** : To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to provide prospectively for personalized retirement security through personal retirement savings accounts to allow for more control by individuals over their Social Security retirement income, to amend such title and the Balanced Budget and Emergency Deficit Control Act of 1985 to protect Social Security surpluses, and to provide other reforms relating to benefits under such title II.

**Sponsor:** Rep Smith, Nick [MI-7] (introduced 9/10/2003) **Cosponsors:** 5

**Committees:** House Ways and Means

**Latest Major Action:** 9/10/2003 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

On September 9, 2003, Rep. **Nick Smith** (R-MI) spoke from the House floor about H.R. 3055 (from the *Congressional Record*, p. H8065):

“Mr. Speaker, I rise to address another serious security problem. It is retirement security. Let me read a quote from 1994:

“Failing to take prompt action on Social Security will burden our children and our grandchildren with benefit cuts and crippling taxes.”

That was part of my opening statement as chairman of the Task Force on Social Security in 1994. When I wrote this almost 10 years ago, I was simply acknowledging what was evident to the actuaries of Social Security. Because we know how many people are paying into Social Security, and we can estimate the cost of future benefits from what has been paid in, the looming insolvency of the program was very clear then. It is even more clear today. Yet a crisis that is imminent in the eyes of an actuary looks like a long way off to many politicians, and as a result Congress has ignored and delayed action on what is probably this country's most serious long-term financial challenge.

In just 10 years, we will need \$100 billion from other sources to make up \$100 billion, that is 5 percent of what will be coming in 10 years from now from the total income tax revenues, we are going to need that much in addition to what is coming in on Social Security and Medicare taxes to pay promised benefits. It has been frustrating at times, but we have worked for more than a decade trying to focus attention on fixing Social Security.

I introduced my first Social Security bill back in 1994. In fact, I wrote it while I was still chairman of the Senate taxation committee in Michigan. Tomorrow, I will offer my sixth legislation that has been scored by the actuaries to keep Social Security solvent. The good news is, I think awareness has increased. There is a greater appreciation and an acknowledgment that Social Security is going broke. Today, most Members are aware of the problem, even if there is still reluctance to tackle it.

President Bush's support in the 2000 campaign, I think, moved us a long ways toward a greater American understanding of the seriousness of the problem, and tomorrow I will introduce my bipartisan Retirement Security Act that has been scored by the Social Security actuaries to keep Social Security solvent and restore its tremendous support for retirees in the United States. Workers could voluntarily devote 2.5 percent of their income for a start from their payroll taxes. It would be voluntary. And workers would own the money in the accounts, which can be put in well-diversified investments. In our bill, we guarantee that the individuals that opt for these personally-owned accounts will earn as much as those that opt not to go into that particular investment. The government would supplement the accounts of low-income workers to help build up those accounts for future retirement savings. People would continue to receive government benefits, as in the current system, as part of their retirement income, but those participating in the private account would have their government benefits reduced to reflect the money that goes into their private accounts. But, again, it would be insured.

To ensure fairness for women, a married couple's account contributions would be divided equally between spouses. My bill also increases the widow's/widower's benefit to 110 percent of the higher earning spouse's benefit and would give retirement credits to spouses who stay at home to care for young children.

In conclusion, there are some important costs to the bill which eliminates \$10 billion in unfunded liabilities. It calls for a \$900 billion loan over the next 20 years from government to Social Security in addition to repaying the trust funds that have been borrowed from Social Security and this will be repaid after the program becomes solvent. It also slows down the increase in benefits for the highest earning retirees. It does not, however, change benefits for those who have already retired or are close to retirement.

Action to preserve and strengthen Social Security is long overdue. By acting now, we can reduce the cost of restoring Social Security for our children and our grandchildren. By increasing the return earned on Social Security surpluses, we can make the transition to a better system cheaper and easier. The Retirement Security Act is my proposal along with my eight cosponsors to move forward.”

**Rep. John Shadegg (R-AZ)** offered the following amendment to **H.R. 2622**, the **“Fair and Accurate Credit Transactions Act of 2003”**:

“**AMENDMENT NO. 14:** Page 28, after line 20, insert the following (and conform the table of contents accordingly):

**SEC. 208. PROHIBITED ACTIONS WITH RESPECT TO SOCIAL SECURITY NUMBERS.**

(a) **DEFINITIONS.**--For purposes of this section, the following definitions shall apply:

(1) **DISPLAY.**--The term “display” means to intentionally communicate or otherwise make available (on the Internet or in any other manner) to the general public an individual's social security number.

(2) **PERSON.**--The term “person” means any individual, partnership, corporation, trust, estate, cooperative, association, or any other entity.

(3) **PURCHASE.**--The term “purchase” means providing directly or indirectly, anything of value in exchange for a social security number.

(4) **SALE.**--The term “sale” means obtaining, directly or indirectly, anything of value in exchange for a social security number.

(5) **STATE.**--The term “State” means any State of the United States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, the United States Virgin Islands, Guam, American Samoa, and any territory or possession of the United States.

(b) **PROHIBITED ACTIONS WITH RESPECT TO AN INDIVIDUAL'S SOCIAL SECURITY NUMBER.**--Subject to subsections (e) and (f), no person may engage in any of the following:

(1) Display in any manner an individual's social security number.

(2) Print or otherwise display an individual's social security number on any card, or other means of access, required for the individual to access products or services provided by the person to the individual.

(3) Require an individual to transmit the individual's social security number over the Internet, unless the connection is secure or the social security number is encrypted.

(4) Require an individual to use the individual's social security number to access an Internet Web site, unless a password, unique personal identification number, or other authentication device is also required to access the Internet Web site.

(5) Print or otherwise display an individual's social security number on any communications by the person to the individual, unless Federal or State law, or any Federal agency or any contractor with the Federal Government (under color of Federal law), requires the individual's social security number to be included on such documents.

(c) **LIMITATION ON SALE OR PURCHASE.**--Except as otherwise provided in this section, no person may sell or purchase any individual's social security number without the affirmatively expressed consent of the individual.

(d) **PREREQUISITES FOR CONSENT.**--In order for consent to exist under subsection (c), the person displaying or seeking to display, selling or attempting to sell, or purchasing or attempting to purchase, an individual's social security number shall--

(1) inform the individual of the general purpose for which the number will be used, the types of persons to whom the number may be available, and the scope of transactions permitted by the consent; and

(2) obtain the affirmatively expressed consent (electronically or in writing) of the individual.

(e) **EXCEPTION FOR CERTAIN COMMUNICATIONS.**--Subsection (b)(5) shall not apply with respect to an individual's social security number included on documents sent by mail--

(1) in connection with an application or enrollment process initiated by the individual; or

- (2) to establish, amend, or terminate an account held by the individual with the person; or  
(3) to verify the accuracy of the individual's social security number.  
(f) **EXCEPTION FOR PRIOR ON-GOING USE.**--Subsection (b) shall not apply to the use by a person of an individual's social security number in a manner that is inconsistent with such subsection if--  
(1) the use by such person of the individual's social security number in such manner began before the date of the enactment of this Act;  
(2) the use by such person of the social security number in such manner is continuous; and  
(3) the person notifies the individual, in writing, before the end of the 30-day period beginning on the date of the enactment of this Act and annually thereafter, that the individual has the right to require such person to stop using the individual's social security number in a manner inconsistent with subsection (b).”

- **Recent Congressional Action Related To Civil Service Issues**

Below is a compilation of recent congressional action related to civil service issues. Please do not hesitate to contact us if you have any questions or would like us to provide additional information regarding any of the measures.

**Rep. Robert E. Andrews (D-NJ)** introduced Concurrent Resolution H. Con. Res. 275 to express that Congress believes airport screening work should continue to be performed by Federal employees:

**H. Con. Res. 275.** Concurrent resolution expressing the sense of Congress that all airport screening functions should continue to be performed by Federal employees and that all employees of the Transportation Security Administration, including Federal airport screeners, should be permitted to engage in collective bargaining and be represented in collective bargaining by a representative or organization of their choosing; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

**Outsourcing study at HHS--Sen. Jack Reed (D-RI)** submitted **SA 1593**, an amendment intended to be proposed to amendment **SA 1542**, which was proposed by Sen. Arlen Specter (R-PA) to the bill H.R. 2660, making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 2004, and for other purposes; which was ordered to lie on the table; as follows:

“On page 61, between lines 14 and 15, insert the following:

**SEC. \_\_.** (a) **STUDY.**--The Comptroller General of the United States shall conduct a study concerning the long-term impact of competitive outsourcing at the Department of Health and Human Services on both cost savings as well as performance and efficiency. In conducting such study, the Comptroller General shall examine--

- (1) the monetary value of the cost of paying and providing benefits for Federal employees as compared to the cost of contracting out such positions to non-Federal individuals and private

entities, including the cost of conducting outsourcing studies, managing contracting out, and monitoring contractor compliance;

(2) the effects of outsourcing on Federal efficiency, specifically the benefits of a stable, integrated workforce on internal Departmental communications, institutional memory, workforce diversity, consistent application of policy (both internal and external), institutional relations with clients (including hospitals, researchers, nonprofit entities, and the general public), and the ability to recruit and retain the highest levels of expertise within crucial health agencies; and

(3) performance and accountability in outsourced work compared to work conducted by Federal Government agencies, specifically, whether or not there are adequate measurements in contracts to ensure performance levels, and if there exists a comprehensive means for determining accountability in the carrying out of Federal Government contracts.

(b) **REPORT.**--Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress a report concerning the study conducted under subsection (a).”

The Washington Report  
418 C Street, NE  
Washington, DC 20002  
202-547-8530/FAX 202-547-8532  
Contact: Sara Garland or Rachel Emmons  
e-mail: [sarag@greystone-group.com](mailto:sarag@greystone-group.com) or [rachele@greystone-group.com](mailto:rachele@greystone-group.com)