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HEARING

BEFORE THE
COMMITTEE ON HUMAN RESOURCES
UNITED STATES SENATE
NINETY-FIFTH CONGRESS

SECOND SESSION

ON

WILLIAM P. ADAMS, OF VIRGINIA, TO BE A MEMBER OF THE
RAILROAD RETIREMENT BOARD

FEBRUARY 7, 1978

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(II)

NOMINATION

TUESDAY, FEBRUARY 7, 1978

U.S. SENATE,
COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The committee met, pursuant to notice, at 9:10 a.m. in room 4232, Dirksen Senate Office Building, Senator Harrison A. Williams, Jr. (chairman), presiding.

Present: Senators Williams, Kennedy, Eagleton, Cranston, and Javits.

The CHAIRMAN. The committee will come to order.

This morning the Committee on Human Resources meets to consider the nomination of William P. Adams, to be a member of the Railroad Retirement Board.

We have Congressman Rooney with us this morning, who will present Mr. Adams to the committee.

STATEMENT OF HON. FRED B. ROONEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. ROONEY. Thank you very much, Mr. Chairman.

Little did I know that Mr. Benedict was going to be here this morning, because he, too, is from Pennsylvania, and I wholeheartedly endorse Mr. Benedict for the Commissioner on Aging.

But, I am here, Mr. Chairman, to say a few words about William P. Adams to be the public member for the Railroad Retirement Board.

I will just summarize my remarks and ask unanimous consent that this become part of the record.

The CHAIRMAN. Without objection it is so ordered.

[The prepared statement of Mr. Rooney follows:]

REMARKS BY FRED B. ROONEY

Mr. Chairman, I appreciate very much the opportunity to appear before your subcommittee today. I am here in order that I may reiterate my recommendation of William P. Adams to be the public member for the Railroad Retirement Board.

As Chairman of the Transportation and Commerce Subcommittee of the Interstate and Foreign Commerce Committee, I can appreciate the importance of this position and the qualifications necessary to properly fill it. I can think of no one who would be better suited for this position on the Board than Mr. Adams.

Mr. Adams was employed as a legislative counsel by the House of Representatives for almost twenty years, commencing in 1954. During the years from 1958 to 1974, he was exclusively involved in transportation matters. On December 1, 1974, he transferred to the Interstate and Foreign Commerce Committee as its transportation counsel. My endorsement of Mr. Adams is based, in large measure, on my knowledge of the excellent manner in which he performed these duties, and also on the fact that I have found him to be of exemplary personal character.

I have been in the Congress for fifteen years, which as I have just indicated, is a shorter period of time than Mr. Adams has been involved with transportation matters in the Congress. I have known Mr. Adams practically the entire time that I have been in Congress, but I have particularly been associated with him since I became Chairman of the Transportation and Commerce Subcommittee. During that time, we considered the Railroad Revitalization and Regulatory Reform Act of 1976, and amendments to the Railroad Retirement Act, among other significant legislation affecting the rail industry. Immediately prior to my becoming Chairman of the Subcommittee, the Regional Rail Reorganization Act of 1973 and the Railroad Retirement Amendments of 1974 were enacted. These were all extremely complicated bills. Mr. Adams provided invaluable assistance during our extended deliberations. Particular reliance was placed on him with regard to railroad retirement matters. As we all know, the Railroad Retirement Act is very technical, and requires a knowledge of law, economics and actuarial science. Mr. Adams possesses a wide knowledge of all of these sciences needed to interpret and administer the Railroad Retirement Act. In fact, it was because of his knowledge on this subject that he was referred to as our "resident expert."

During our long association, I have been impressed with the expertise and professionalism displayed by Mr. Adams. He is able to be intimately familiar with the minute details of an issue, without losing sight of the broad perspective. He can draft legislation, interpret legislation, and determine the best manner in which the legislation should be administered. I am sure we all know many persons who have one of these talents, but it is indeed a unique individual that has all of these talents.

In the next few weeks, there will be a very important series of conferences and negotiations between labor and management with respect to the future of the Railroad Retirement Fund. It is my understanding that the labor and management representatives of the Railroad Retirement Board will be present for these negotiations. I believe that the public representative should also be present at these negotiations. I, therefore, recommend not only that Mr. Adams be confirmed by this body, but also wish to point out the necessity for expeditious confirmation so that he may partake of these very important negotiations.

Again, Mr. Chairman, I wish to thank you for the opportunity to appear before your Subcommittee.

Mr. ROONEY. I have known Mr. Adams the 15 years I have been in the Congress. I know of no one more dedicated, or more qualified than he is to serve as Chairman of the Railroad Retirement Board. He has been involved in every aspect of interstate and foreign commerce legislation since I have been in Congress and I wholeheartedly support his nomination.

The CHAIRMAN. Congressman Staggers will also make an introduction to Mr. Adams.

STATEMENT OF HON. HARLEY O. STAGGERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. STAGGERS. Mr. Chairman, and guests here this morning, I appreciate the chairman allowing me to introduce a very close and good friend of mine who will appear before you for confirmation in a few moments. I am delighted to be here this morning.

I am in favor of the confirmation of Bill Adams as a member of the Railroad Retirement Board. I have known Bill personally for many years. I first worked with him for more than 20 years when he was associated with the House Legislative Counsel's office and I was a member of the Interstate and Foreign Commerce Committee.

Bill worked on much of the important legislation to come out of the Commerce Committee, including the Federal Aviation Act of 1958, the Rail Passenger Service Act of 1970, the Federal Railroad Safety

Act of 1970, the Regional Rail Reorganization Act of 1973, and the Transportation Safety Act of 1974.

I, and a number of my colleagues, thought so highly of Bill's performance that we persuaded him to join the Interstate Committee staff as a member of the professional staff. In fact, on two previous occasions I had asked Bill to join my personal staff and then later to join the professional staff. He did not desire to change jobs at that time but later on we did persuade him to serve on our professional staff as head of transportation.

As counsel to the committee, Bill worked on transportation legislation, including railroads generally; railroad labor, railroad retirement, and railroad employment insurance. His counsel and advice were always of the highest caliber. We were sorry to lose him to the Motion Picture Association. That organization also thought that Bill was a good man and a great man too. They asked if they might have him at the Motion Picture Association of America and he was their chief counsel.

When we hired Bill I discovered that we had something in common. As a young man he started his working career with the Chicago & Eastern Illinois Railroad, while I started mine with the B. & O. Railroad in West Virginia.

I think that Bill's extensive experience with railroad issues and legislation makes him uniquely qualified to be a member of the Railroad Retirement Board. This experience, coupled with his outstanding performance with the Office of Legislative Counsel, and the House Interstate Committee staff, led me to recommend him to the White House for that position.

I might note that I was subsequently joined in this recommendation by Mr. Rooney, chairman of the committee's Subcommittee on Transportation and Commerce.

Mr. Devine, the committee's ranking minority member and Mr. Skubitz, the ranking minority member on the Subcommittee on Transportation and Commerce join me as well. So it is not a political nomination. It is a nomination of merit because it was joined in by both sides wholeheartedly with the ranking members on both committees.

I offer my unqualified endorsement of Bill Adams for confirmation to the board and am confident that as a public member of the board he will continue his outstanding tradition of public service.

In closing, I would say that Bill is a man of honesty and integrity, a man the committee will be proud of if they confirm his nomination. And I am sure that Bill will do a good job for the Nation, Mr. Chairman.

There is a quotation in the Bible I would like to give that I think exemplifies what Bill Adams might be. And that comes in next to the last chapter of Ecclesiastics, when Solomon said, "Let us come to the conclusion of the whole matter. What is the sole duty of man? That is to fear God and follow his commandments." I think that Bill Adams does this and he does it in private life; he does it in public life. I think that he will make a great member of the Railroad Retirement Board and serve this Nation well.

I would like to thank the committee and you personally, Mr. Chairman, for allowing me to introduce Bill, and say that I hope you will see fit to confirm him because I know of his fine character and excellent

performance. I think that through the years you can always point and say that you were proud you had a part in appointing Bill.

Senator CRANSTON. Thank you very much, Harley. That is a beautiful statement.

The CHAIRMAN. This is a heavy responsibility and a complex assignment, Mr. Adams, but with your biography, I can see you have become adjusted to working in situations that are fraught with complexity. Did you have a statement that you wanted to make to us, Mr. Adams?

**STATEMENT OF WILLIAM P. ADAMS, OF VIRGINIA, NOMINEE, TO
BE A MEMBER OF THE RAILROAD RETIREMENT BOARD**

Mr. ADAMS. Well, Mr. Chairman, in view of time, I did submit a statement at the request of the staff, and with your permission, I would like to submit it for the record and answer any questions you might have.

The CHAIRMAN. All right. We are pleased to have that in the record.

This nomination is for a public member which means that you will be Chairman of the Railroad Retirement Board.

Mr. ADAMS. That is correct.

The CHAIRMAN. The Board, as I understand it, administers retirement and survivor benefit programs under the Railroad Retirement Act of 1935 and the Retirement Act of 1974, and unemployment and sickness benefit programs under the Railroad Unemployment Insurance Act of 1938.

We have spent countless weeks, months, and, indeed, years, trying to rationalize this system and work it into a stronger financial posture. We have not arrived at that happy plateau where we can say that all is well. Am I right?

Mr. ADAMS. That is correct, Mr. Chairman.

The CHAIRMAN. But the Board is tied to social security, and that should help provide the mechanism for the proper accounting. Am I right?

Mr. ADAMS. Yes, sir.

The CHAIRMAN. What will be your first mission when you assume the responsibility as Chairman of this Board?

Mr. ADAMS. Mr. Chairman, as I indicated in the statement I submitted, I would think my first priority is to try to establish at the Board a planning capacity, which I am not aware the Board now has. I realize the Board has been somewhat farsighted in the past in anticipating some of the problems; for instance, reinsuring the fund with the social security fund, as far back as 1951.

There has been some controversy—or, at least, disagreement—with some of the underlying assumptions of the 13th actuarial valuation of the fund. I think that in order to have a sound basis for any long range solutions, we are going to need the best facts available, and I am not aware that the Board presently has this kind of planning capacity. That would be my first mission.

The CHAIRMAN. Well, we wish you well, and we stand ready to cooperate with the Board. I know the Board will cooperate with us. If there is an additional legislative contribution to be made, we will, of course, be ready to work with you on this.

Mr. ADAMS. Thank you, Mr. Chairman.
 The CHAIRMAN. Thank you, and good luck to you.
 [The prepared statement of Mr. Adams follows:]

STATEMENT OF WILLIAM P. ADAMS

Thank you, Mr. Chairman. I am honored to be here before your Committee today as the nominee for the position of public member on the United States Railroad Retirement Board.

The background material I submitted to the Committee makes clear my long tenure on Capitol Hill and my work on legislation, both with the Office of Legislative Counsel and the House Interstate and Foreign Commerce Committee. A preponderance of my legislative experience has been in the field of transportation legislation. I believe this experience will be a valuable asset to me in the position for which I have been nominated.

My first direct involvement with legislation dealing with railroad retirement came in 1975 when I had the committee staff responsibility for the Railroad Retirement Act Amendments of 1975 during the consideration of that legislation by the House Committee on Interstate and Foreign Commerce. From that time forward, I had the Committee staff responsibility for dealing with all matters relating to railroad retirement. This fact familiarized me with retirement and related rail matters in handling the 1975 legislation and also in dealing with issues arising from previous railroad retirement legislation.

Before I oversell myself as a railroad retirement "expert," may I emphasize that I heartily agree with the statement I have heard from witnesses more knowledgeable than myself to the effect that the railroad retirement system is so complex that it virtually defies verbal description. Moreover, the Railroad Retirement Act of 1974, which became effective January 1, 1975, increased the complexity.

The thirteenth actuarial valuation of the assets and liabilities of the railroad retirement fund issued in 1976 by the chief actuary of the U.S. Railroad Retirement Board shows that the system is in serious financial condition. This valuation indicates that, unless some action is taken, the railroad retirement account could be exhausted sometime before 1990.

Whatever action is taken should be of sufficient strength to put the system in a sound actuarial position on a long-range basis. I am not prepared today to tell you precisely what I think such action should be or even suggest that I will return in 30 days or three months with an easy answer. The problems have been a long time in the making and I do not expect to find a simple solution overnight.

I am, however, prepared today to tell you that I will commit myself to seeking sound long-range solutions to the problems besetting the railroad retirement system. There are obvious ways of dealing with immediate problems, such as raising taxes and reducing benefits. For example, the thirteenth valuation projected that a 4 per cent increase in payroll taxes would give the fund permanent status. That projection, however, was based on assumptions underlying the thirteenth valuation, including an assumption that industry employment would level off at 500,000 and that there would be no change in then current law. In light of the comprehensive railroad legislation that was enacted in the 1970's, including the Regional Rail Reorganization Act of 1973 and the Railroad Revitalization and Regulatory Reform Act of 1976, many competent observers believe that railroad revitalization will result in increased employment levels. The energy crisis has added impetus to this view.

On the other hand, the recent announcement of another railroad bankruptcy in the Midwest has given strength to those who argue that employment levels will drop even lower. The recent amendments to the Social Security Act, which impact upon the railroad retirement system, have already demolished the assumption that no change would be made in existing law.

I cite these various assumptions primarily to illustrate that while disagreement exists as to how serious the financial condition of the system really is, there is no disagreement that corrective action is needed to prevent the fund from being exhausted before 1990.

To develop sound long-range solutions to the financial problems of the system, the Board must, I believe, develop a planning capacity that I am not aware it has at the present time. The basis for any solution will be to obtain the best available facts.

The development of any such planning capacity must, of course, be accomplished within the constraints of the budgeted administrative expenses of the Board and with the full cooperation of both the Labor Member and the Management Member of the Board. If confirmed, it is my intention to seek such cooperation.

Thank you, Mr. Chairman. I will be glad to try to answer any questions you may have.

The CHAIRMAN. The hearing stands adjourned.

[Whereupon, at 12:01 p.m., the committee was adjourned, subject to the call of the Chair.]

