

105TH CONGRESS  
1ST SESSION

# H. R. 857

To amend title II of the Social Security Act to ensure the integrity of the social security trust funds by requiring the Managing Trustee to invest the annual surplus of such trust funds in marketable interest-bearing obligations of the United States and certificates of deposit in depository institutions insured by the Federal Deposit Insurance Corporation, and to protect such trust funds from the public debt limit.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1997

Mr. NEUMANN (for himself, Mr. MCINTOSH, Mr. SOUDER, Mr. METCALF, Mr. BARTON of Texas, Mr. BASS, Mr. BONO, Mr. BRYANT, Mr. BURR of North Carolina, Mr. CAMPBELL, Mr. CHABOT, Mrs. CHENOWETH, Mr. CHRISTENSEN, Mr. COBURN, Mrs. CUBIN, Mr. DUNCAN, Mr. ENGLISH of Pennsylvania, Mr. ENSIGN, Mr. FOLEY, Mr. FORBES, Mr. GRAHAM, Mr. GUTKNECHT, Mr. HASTINGS of Washington, Mr. HAYWORTH, Mr. HILLEARY, Mr. HOEKSTRA, Mr. HOSTETTLER, Mr. LAHOOD, Mr. LATOURETTE, Mrs. MYRICK, Mr. NEY, Mr. NORWOOD, Mr. PETRI, Mr. RADANOVICH, Mr. RIGGS, Mr. ROHRABACHER, Mr. ROYCE, Mr. SALMON, Mr. SCARBOROUGH, Mr. SHADEGG, Mr. SMITH of New Jersey, Mrs. SMITH of Washington, Mr. SMITH of Michigan, Mr. STEARNS, Mr. THORNBERRY, Mr. TIAHRT, Mr. WAMP, Mr. WATTS of Oklahoma, Mr. WELLER, Mr. WHITE, Mr. GOODE, Mr. PAUL, and Mr. GIBBONS) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title II of the Social Security Act to ensure the integrity of the social security trust funds by requiring the Managing Trustee to invest the annual surplus of such trust funds in marketable interest-bearing obligations of the United States and certificates of deposit

in depository institutions insured by the Federal Deposit Insurance Corporation, and to protect such trust funds from the public debt limit.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Social Security Preser-  
 5       vation Act of 1997”.

6       **SEC. 2. INVESTMENT OF THE FEDERAL OLD-AGE AND SUR-**  
 7                       **VIVORS INSURANCE TRUST FUND AND THE**  
 8                       **FEDERAL DISABILITY INSURANCE TRUST**  
 9                       **FUND.**

10       (a) IN GENERAL.—Section 201(d) of the Social Secu-  
 11       rity Act (42 U.S.C. 401(d)) is amended—

12               (1) by inserting “(1)” after “(d)”;

13               (2) by striking “Such investments may be made  
 14       only” and inserting the following: “Except as pro-  
 15       vided in paragraph (2), such investments may be  
 16       made only”;

17               (3) by striking the last sentence; and

18               (4) by adding at the end the following new  
 19       paragraph:

20       “(2)(A) The Managing Trustee shall determine the  
 21       annual surplus (as defined in subparagraph (B)) for each  
 22       of the Trust Funds as of the end of each fiscal year. The

1 Managing Trustee shall ensure that such annual surplus  
2 is invested, throughout the next following fiscal year, in—

3 “(i) marketable interest-bearing obligations of  
4 the United States or obligations guaranteed as to  
5 both principal and interest by the United States,  
6 purchased on original issue or at the market price,  
7 or

8 “(ii) certificates of deposit in insured depository  
9 institutions (as defined in section 3(c)(2) of the Fed-  
10 eral Deposit Insurance Act).

11 “(B) For purposes of this paragraph, the ‘annual sur-  
12 plus’ for either of the Trust Funds as of the end of a  
13 fiscal year is the excess (if any) of—

14 “(i) the sum of—

15 “(I) in the case of the Federal Old-Age  
16 and Survivors Insurance Trust Fund, the  
17 amounts appropriated to such Trust Fund  
18 under paragraphs (3) and (4) of subsection (a)  
19 for the fiscal year,

20 “(II) in the case of the Federal Disability  
21 Insurance Trust Fund, the amounts appro-  
22 priated to such Trust Fund under paragraphs  
23 (1) and (2) of subsection (b) for the fiscal year,  
24 and

1           “(III) in either case, the amount appro-  
 2           priated to such Trust Fund under section  
 3           121(e) of the Social Security Amendments of  
 4           1983 for the fiscal year, and any amounts oth-  
 5           erwise credited to or deposited in such Trust  
 6           Fund under this title for the fiscal year, over

7           “(ii) the amounts paid or transferred from such  
 8           Trust Fund during the fiscal year.”.

9           (b) EFFECTIVE DATE.—The amendments made by  
 10          this section shall apply with respect to annual surpluses  
 11          as of the end of fiscal years beginning on or after October  
 12          1, 1998.

13       **SEC. 3. PROTECTION OF THE SOCIAL SECURITY TRUST**  
 14               **FUNDS FROM THE PUBLIC DEBT LIMIT.**

15          (a) PROTECTION OF TRUST FUNDS.—Notwithstand-  
 16          ing any other provision of law—

17               (1) no officer or employee of the United States  
 18          may—

19                       (A) delay the deposit of any amount into  
 20                       (or delay the credit of any amount to) the Fed-  
 21                       eral Old-Age and Survivors Insurance Trust  
 22                       Fund or the Federal Disability Insurance Trust  
 23                       Fund or otherwise vary from the normal terms,  
 24                       procedures, or timing for making such deposits  
 25                       or credits, or

1 (B) refrain from the investment in public  
2 debt obligations of amounts in either of such  
3 Trust Funds,  
4 if a purpose of such action or inaction is to not in-  
5 crease the amount of outstanding public debt obliga-  
6 tions, and

7 (2) no officer or employee of the United States  
8 may disinvest amounts in either of such Trust  
9 Funds which are invested in public debt obligations  
10 if a purpose of the disinvestment is to reduce the  
11 amount of outstanding public debt obligations.

12 (b) PROTECTION OF BENEFITS AND EXPENDITURES  
13 FOR ADMINISTRATIVE EXPENSES.—

14 (1) IN GENERAL.—Notwithstanding subsection  
15 (a), during any period for which cash benefits or ad-  
16 ministrative expenses would not otherwise be payable  
17 from the Federal Old-Age and Survivors Insurance  
18 Trust Fund or the Federal Disability Insurance  
19 Trust Fund by reason of an inability to issue further  
20 public debt obligations because of the applicable  
21 public debt limit, public debt obligations held by  
22 such Trust Fund shall be sold or redeemed only for  
23 the purpose of making payment of such benefits or  
24 administrative expenses and only to the extent cash  
25 assets of such Trust Fund are not available from

1 month to month for making payment of such bene-  
2 fits or administrative expenses.

3 (2) ISSUANCE OF CORRESPONDING DEBT.—For  
4 purposes of undertaking the sale or redemption of  
5 public debt obligations held by the Federal Old-Age  
6 and Survivors Insurance Trust Fund or the Federal  
7 Disability Insurance Trust Fund pursuant to para-  
8 graph (1), the Secretary of the Treasury may issue  
9 corresponding public debt obligations to the public,  
10 in order to obtain the cash necessary for payment of  
11 benefits or administrative expenses from such Trust  
12 Fund, notwithstanding the public debt limit.

13 (3) ADVANCE NOTICE OF SALE OR REDEMP-  
14 TION.—Not less than 3 days prior to the date on  
15 which, by reason of the public debt limit, the Sec-  
16 retary of the Treasury expects to undertake a sale  
17 or redemption authorized under paragraph (1), the  
18 Secretary of the Treasury shall report to each House  
19 of the Congress and to the Comptroller General of  
20 the United States regarding the expected sale or re-  
21 demption. Upon receipt of such report, the Comp-  
22 troller General shall review the extent of compliance  
23 with subsection (a) and paragraphs (1) and (2) of  
24 this subsection and shall issue such findings and rec-  
25 ommendations to each House of the Congress as the

1        Comptroller General considers necessary and appro-  
2        priate.

3        (c) PUBLIC DEBT OBLIGATION.—For purposes of  
4 this section, the term “public debt obligation” means any  
5 obligation subject to the public debt limit established  
6 under section 3101 of title 31, United States Code.

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