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S. 1828

To protect and provide resources for the Social Security System, to reserve surpluses to protect, strengthen, and modernize the Medicare Program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 28, 1999

Mr. MOYNIHAN (by request) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To protect and provide resources for the Social Security System, to reserve surpluses to protect, strengthen, and modernize the Medicare Program, and for other purposes.

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 “Strengthening Social
5 Security and Medicare Act of 1999”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds that:

1 (1) The Social Security system is one of the
2 cornerstones of American national policy and has al-
3 lowed a generation of Americans to retire with dig-
4 nity. For 30 percent of all senior citizens, Social Se-
5 curity provides almost 90 percent of their retirement
6 income. For 66 percent of all senior citizens, Social
7 Security benefits provide over half of their retire-
8 ment income. Poverty rates among the elderly are at
9 the lowest level since the United States began to
10 keep poverty statistics, due in large part to the So-
11 cial Security system. The Social Security system, to-
12 gether with the additional protections afforded by
13 the Medicare system, have been an outstanding suc-
14 cess for past and current retirees and must be pre-
15 served for future retirees.

16 (2) The long-term solvency of the Social Secu-
17 rity and Medicare trust funds is not assured. There
18 is an estimated long-range actuarial deficit in the
19 Social Security trust funds. According to the 1999
20 report of the Board of Trustees of the Social Secu-
21 rity trust funds, the accumulated balances in the
22 Federal Old-Age and Survivors Insurance Trust
23 Fund and the Federal Disability Insurance Trust
24 Fund are currently projected to become unable to
25 pay benefits in full on a timely basis starting in

1 2034. The Medicare system faces more immediate fi-
2 nancial shortfalls, with the Hospital Insurance Trust
3 Fund projected to become exhausted in 2015.

4 (3) In addition to preserving Social Security
5 and Medicare, the Congress and the President have
6 a responsibility to future generations to reduce the
7 Federal debt held by the public. Significant debt re-
8 duction will contribute to the economy and improve
9 the Government's ability to fulfill its responsibilities
10 and to face future challenges, including preserving
11 and strengthening Social Security and Medicare.

12 (4) The Federal Government is now in sound fi-
13 nancial condition. The Federal budget is projected to
14 generate significant surpluses. In fiscal years 1998
15 and 1999, there were unified budget surpluses—the
16 first consecutive surpluses in more than 40 years.
17 Over the next 15 years, the Government projects the
18 on-budget surplus, which excludes Social Security, to
19 total \$2.9 trillion. The unified budget surplus (in-
20 cluding Social Security) is projected by the Govern-
21 ment to total \$5.9 trillion over the next 15 years.

22 (5) The surplus, excluding Social Security, of-
23 fers an unparalleled opportunity to: preserve Social
24 Security; protect, strengthen, and modernize Medi-
25 care; and significantly reduce the Federal debt held

1 by the public, for the future benefit of all Ameri-
 2 cans.

3 (b) PURPOSE.—It is the purpose of this Act to pro-
 4 tect Social Security surplus for debt reduction, to extend
 5 the solvency of Social Security, and to set aside a reserve
 6 to be used to protect, strengthen, and modernize Medicare.

7 **SEC. 3. ADDITIONAL APPROPRIATIONS TO FEDERAL OLD-**
 8 **AGE AND SURVIVORS INSURANCE TRUST**
 9 **FUND AND FEDERAL DISABILITY INSURANCE**
 10 **TRUST FUND.**

11 (a) PURPOSE.—The purpose of this section is to as-
 12 sure that the interest savings on the debt held by the pub-
 13 lic achieved as a result of Social Security surpluses from
 14 2000 to 2015 are dedicated to Social Security solvency.

15 (b) ADDITIONAL APPROPRIATIONS TO TRUST
 16 FUND.—Section 201 of the Social Security Act is amend-
 17 ed by adding at the end the following new subsection:

18 “(n) ADDITIONAL APPROPRIATIONS TO TRUST
 19 FUNDS.—

20 “(1) In addition to the amounts appropriated to
 21 the Trust Funds under subsections (a) and (b),
 22 there is hereby appropriated to the Trust Funds, out
 23 of any moneys in the Treasury not otherwise
 24 appropriated—

1 “(A) for the fiscal year ending September
2 30, 2011, and for each fiscal year thereafter
3 through the fiscal year ending September 30,
4 2016, an amount equal to the prescribed
5 amount for the fiscal year; and

6 “(B) for the fiscal year ending September
7 30, 2017, and for each fiscal year thereafter
8 through the fiscal year ending September 30,
9 2044, an amount equal to the prescribed
10 amount for the fiscal year ending September
11 30, 2016.

12 “(2) The amount appropriated by paragraph
13 (1) in each fiscal year shall be transferred in equal
14 monthly installments.

15 “(3) The amount appropriated by paragraph
16 (1) in each fiscal year shall be allocated between the
17 Trust Funds in the same proportion as the taxes im-
18 posed by chapter 21 (other than sections 3101(b)
19 and 3111(b)) of title 26 with respect to wages (as
20 defined in section 3121 of title 26) reported to the
21 Secretary of the Treasury or his delegate pursuant
22 to subtitle F of title 26, and the taxes imposed by
23 chapter 2 (other than section 1401(b)) of title 26
24 with respect to self-employment income (as defined
25 in section 1402 of title 26) reported to the Secretary

1 of the Treasury or his delegate pursuant to subtitle
 2 F of title 26, are allocated between the Trust Funds
 3 in the calendar year that begins in the fiscal year.

4 “(4) For purposes of this subsection, the ‘pre-
 5 scribed amount’ for any fiscal year shall be deter-
 6 mined by multiplying:

7 “(A) the excess of:

8 “(i) the sum of:

9 “(I) the face amount of all obli-
 10 gations of the United States held by
 11 the Trust Funds on the last day of
 12 the fiscal year immediately preceding
 13 the fiscal year of determination pur-
 14 chased with amounts appropriated or
 15 credited to the Trust Funds other
 16 than any amount appropriated under
 17 paragraph (1); and

18 “(II) the sum of the amounts ap-
 19 propriated under paragraph (1) and
 20 transferred under paragraph (2)
 21 through the last day of the fiscal year
 22 immediately preceding the fiscal year
 23 of determination, and an amount
 24 equal to the interest that would have
 25 been earned thereon had those

1 amounts been invested in obligations
2 of the United States issued directly to
3 the Trust Funds under subsections
4 (d) and (f),

5 “over—

6 “(ii) the face amount of all obligations
7 of the United States held by the Trust
8 Funds on September 30, 1999,

9 “times—

10 “(B) a rate of interest determined by the
11 Secretary of the Treasury, at the beginning of
12 the fiscal year of determination, as follows:

13 “(i) if there are any marketable inter-
14 est-bearing obligations of the United
15 States then forming a part of the public
16 debt, a rate of interest determined by tak-
17 ing into consideration the average market
18 yield (computed on the basis of daily clos-
19 ing market bid quotations or prices during
20 the calendar month immediately preceding
21 the determination of the rate of interest)
22 or such obligations; and

23 “(ii) if there are no marketable inter-
24 est-bearing obligations of the United
25 States then forming a part of the public

1 debt, a rate of interest determined to be
 2 the best approximation of the rate of inter-
 3 est described in clause (i), taking into con-
 4 sideration the average market yield (com-
 5 puted on the basis of daily closing market
 6 bid quotations or prices during the cal-
 7 endar month immediately preceding the de-
 8 termination of the rate of interest) on in-
 9 vestment grade corporate obligations se-
 10 lected by the Secretary of the Treasury,
 11 less an adjustment made by the Secretary
 12 of the Treasury to take into account the
 13 difference between the yields on corporate
 14 obligations comparable to the obligations
 15 selected by the Secretary of the Treasury
 16 and yields on obligations of comparable
 17 maturities issued by risk-free government
 18 issuers selected by the Secretary of the
 19 Treasury.”.

20 **SEC. 4. PROTECTION OF SOCIAL SECURITY SURPLUSES.**

21 (a) POINTS OF ORDER TO PROTECT SOCIAL SECU-
 22 RITY SURPLUSES.—Section 312 of the Congressional
 23 Budget Act of 1974 is amended by adding at the end the
 24 following new subsection:

1 “(g) POINTS OF ORDER TO PROTECT SOCIAL SECUR-
2 RITY SURPLUSES.—

3 “(1) CONCURRENT RESOLUTIONS ON THE
4 BUDGET.—It shall not be in order in the House of
5 Representatives or the Senate to consider any con-
6 current resolution on the budget, or conference re-
7 port thereon or amendment thereto, that would set
8 forth an on-budget deficit for any fiscal year.

9 “(2) SUBSEQUENT LEGISLATION.—It shall not
10 be in order in the House of Representatives or the
11 Senate to consider any bill, joint resolution, amend-
12 ment, motion, or conference report if—

13 “(A) the enactment of that bill or resolu-
14 tion as reported;

15 “(B) the adoption and enactment of that
16 amendment; or

17 “(C) the enactment of that bill or resolu-
18 tion in the form recommended in that con-
19 ference report,

20 would cause or increase an on-budget deficit for any
21 fiscal year.

22 “(3) BUDGET RESOLUTION BASELINE.—(A)
23 For purposes of this section, ‘set forth an on-budget
24 deficit’, with respect to a budget resolution, means
25 the resolution sets forth an on-budget deficit for a

1 fiscal year and the baseline budget projection of the
2 surplus or deficit for such fiscal year on which such
3 resolution is based projects an on-budget surplus,
4 on-budget balance, or an on-budget deficit that is
5 less than the deficit set forth in the resolution.

6 “(B) For purposes of this section ‘cause or in-
7 crease an on-budget deficit’ with respect to legisla-
8 tion means causes or increases an on-budget deficit
9 relative to the baseline budget projection.

10 “(C) For purposes of this section, the term
11 ‘baseline budget projection’ means the projection de-
12 scribed in section 257 of the Balanced Budget and
13 Emergency Deficit Control Act of 1985 of current
14 year levels of outlays, receipts, and the surplus or
15 deficit into the budget year and future years, except
16 that—

17 “(i) if outlays for programs subject to dis-
18 cretionary appropriations are subject to discre-
19 tionary statutory spending limits, such outlays
20 shall be projected at the level of any applicable
21 current adjusted statutory discretionary spend-
22 ing limits;

23 “(ii) if outlays for programs subject to dis-
24 cretionary appropriations are not subject to dis-
25 cretionary spending limits, such outlays shall be

1 projected as required by section 257 beginning
 2 in the first fiscal year following the last fiscal
 3 year in which such limits applied; and

4 “(iii) with respect to direct spending or re-
 5 cepts legislation previously enacted during the
 6 current calendar year and after the most recent
 7 baseline estimate pursuant to section 257 of the
 8 Balanced Budget and Emergency Deficit Con-
 9 trol Act of 1995, the net extent (if any) by
 10 which all such legislation is more than fully
 11 paid for in one of the applicable time periods
 12 shall count as a credit for that time period
 13 against increases in direct spending or reduc-
 14 tions in net revenue.”.

15 (b) CONTENT OF CONCURRENT RESOLUTION ON THE
 16 BUDGET.—Section 301(a) of the Congressional Budget
 17 Act of 1974 is amended by redesignating paragraphs (6)
 18 and (7) as paragraphs (7) and (8), respectively, and by
 19 inserting after paragraph (5) the following new paragraph:

20 “(6) the receipts, outlays, and surplus or deficit
 21 in the Federal Old-Age and Survivors Insurance
 22 Trust Fund and the Federal Disability Insurance
 23 Trust Fund, combined, established by title II of the
 24 Social Security Act;”.

25 (c) SUPER MAJORITY REQUIREMENT.—

1 (1) Section 904(c)(1) of the Congressional
 2 Budget Act of 1974 is amended by inserting
 3 “312(g),” after “310(d)(2),”.

4 (2) Section 904(d)(2) of the Congressional
 5 Budget Act of 1974 is amended by inserting
 6 “312(g),” after “310(d)(2),”.

7 **SEC. 5. PROTECTION OF MEDICARE.**

8 (a) POINTS OF ORDER TO PROTECT MEDICARE.—

9 (1) Section 301 of the Congressional Budget
 10 Act of 1974 is amended by adding at the end the
 11 following:

12 “(j) POINT OF ORDER TO PROTECT MEDICARE.—

13 “(1) IN GENERAL.—It shall not be in order in
 14 the House of Representatives or the Senate to con-
 15 sider any concurrent resolution on the budget (or
 16 amendment, motion, or conference report on the res-
 17 olution) that would decrease the on-budget surplus
 18 for the total of the period of fiscal years 2000
 19 through 2009 below the level of the Medicare sur-
 20 plus reserve for those fiscal years as calculated in
 21 accordance with section 3(11).

22 “(2) INAPPLICABILITY.—This subsection shall
 23 not apply to legislation that—

24 “(A) appropriates a portion of the Medi-
 25 care reserve for new amounts for prescription

1 drug benefits under the Medicare program as
2 part of or subsequent to legislation extending
3 the solvency of the Medicare Hospital Insurance
4 Trust Fund; or

5 “(B) appropriates new amounts from the
6 general fund to the Medicare Hospital Insur-
7 ance Trust Fund.”.

8 (2) Section 311(a) of the Congressional Budget
9 Act of 1974 is amended by adding at the end the
10 following:

11 “(4) ENFORCEMENT OF THE MEDICARE SUR-
12 PLUS RESERVE.—

13 “(A) IN GENERAL.—It shall not be in
14 order in the House of Representatives or the
15 Senate to consider any bill, joint resolution,
16 amendment, motion, or conference report that
17 together with associated interest costs would
18 decrease the on-budget surplus for the total of
19 the period of fiscal years 2000 through 2009
20 below the level of the Medicare surplus reserve
21 for those fiscal years as calculated in accord-
22 ance with section 3(11).”.

23 “(B) INAPPLICABILITY.—This paragraph
24 shall not apply to legislation that—

1 “(i) appropriates a portion of the
 2 Medicare reserve for new amounts for pre-
 3 scription drug benefits under the Medicare
 4 program as part of or subsequent to legis-
 5 lation extending the solvency of the Medi-
 6 care Hospital Insurance Trust Fund; or

7 “(ii) appropriates new amounts from
 8 the general fund to the Medicare Hospital
 9 Insurance Trust Fund.

10 (b) DEFINITION.—Section 3 of the Congressional
 11 Budget Act of 1974 is amended by adding at the end the
 12 following:

13 “(11) The term ‘Medicare surplus reserve’
 14 means one-third of any on-budget surplus for the
 15 total of the period of the fiscal years 2000 through
 16 2009, as estimated by the Congressional Budget Of-
 17 fice in the most recent initial report for a fiscal year
 18 pursuant to section 202(e).”.

19 (c) SUPER MAJORITY REQUIREMENT.—

20 (1) Section 904(c)(2) of the Congressional
 21 Budget Act of 1974 is amended by inserting
 22 “301(j),” after “301(i),”.

23 (2) Section 904(d)(3) of the Congressional
 24 Budget Act of 1974 is amended by inserting
 25 “301(j),” after “301(i),”.

1 **SEC. 6. EXTENSION OF DISCRETIONARY SPENDING LIMITS.**

2 (a) EXTENSION OF LIMITS—Section 251(b)(2) of the
3 Balanced Budget and Emergency Deficit Control Act of
4 1985 is amended, in the matter before paragraph (A), by
5 deleting “2002”, and inserting “2014”.

6 (b) EXTENSION OF AMOUNTS.—Section 251(c) of the
7 Balanced Budget and Emergency Deficit Control Act of
8 1985 is amended by striking paragraphs (4), (5), (6) and
9 (7), and inserting the following:

10 “(4) With respect to fiscal year 2000,

11 “(A) for the discretionary category:
12 \$535,368,000,000 in new budget authority and
13 \$543,257,000,000 in outlays;

14 “(B) for the highway category:
15 \$24,574,000,000 in outlays;

16 “(C) for the mass transit category:
17 \$4,117,000,000 in outlays; and

18 “(D) for the violent crime reduction cat-
19 egory: \$4,500,000,000 in new budget authority
20 and \$5,564,000,000 in outlays;

21 “(5) With respect to fiscal year 2001,

22 “(A) for the discretionary category:
23 \$573,004,000,000 in new budget authority and
24 \$564,931,000,000 in outlays;

25 “(B) for the highway category:
26 \$26,234,000,000 in outlays; and

1 “(C) for the mass transit category:
2 \$4,888,000,000 in outlays;

3 “(6) With respect to fiscal year 2002,

4 “(A) for the discretionary category:
5 \$584,754,000,000 in new budget authority and
6 \$582,516,000,000 in outlays;

7 “(B) for the highway category:
8 \$26,655,000,000 in outlays; and

9 “(C) for the mass transit category:
10 \$5,384,000,000 in outlays;

11 “(7) With respect to fiscal year 2003,

12 “(A) for the discretionary category:
13 \$590,800,000,000 in new budget authority and
14 \$587,642,000,000 in outlays;

15 “(B) for the highway category:
16 \$27,041,000,000 in outlays; and

17 “(C) for the mass transit category:
18 \$6,124,000,000 in outlays;

19 “(8) With respect to fiscal year 2004, for the
20 discretionary category: \$604,319,000,000 in new
21 budget authority and \$634,039,000,000 in outlays;

22 “(9) With respect to fiscal year 2005, for the
23 discretionary category: \$616,496,000,000 in new
24 budget authority and \$653,530,000,000 in outlays;

1 “(10) With respect to fiscal year 2006, for the
2 discretionary category: \$630,722,000,000 in new
3 budget authority and \$671,530,000,000 in outlays;

4 “(11) With respect to fiscal year 2007, for the
5 discretionary category: \$644,525,000,000 in new
6 budget authority and \$687,532,000,000 in outlays;

7 “(12) With respect to fiscal year 2008, for the
8 discretionary category: \$663,611,000,000 in new
9 budget authority and \$704,534,000,000 in outlays;
10 and

11 “(13) With respect to fiscal year 2009, for the
12 discretionary category: \$678,019,000,000 in new
13 budget authority and \$721,215,000,000 in outlays,
14 “as adjusted in strict conformance with subsection
15 (b).

16 “With respect to fiscal year 2010 and each fiscal year
17 thereafter, the term ‘discretionary spending limit’ means,
18 for the discretionary category, the baseline amount cal-
19 culated pursuant to the requirements of section 257(c),
20 as adjusted in strict conformance with subsection (b).”.

21 **SEC. 7. EXTENSION AND CLARIFICATION OF PAY-AS-YOU-**
22 **GO REQUIREMENT.**

23 Section 252 of the Balanced Budget and Emergency
24 Deficit Control Act of 1985 is amended—

1 (1) in subsection (a), by striking “October 1,
2 2002” and inserting “October 1, 2014” and by add-
3 ing “or decreases the surplus” after “increases the
4 deficit”;

5 (2)(A) in paragraph (1) of subsection (b), by
6 striking “October 1, 2002” and inserting “October
7 1, 2014” and by adding “or any net surplus de-
8 crease” after “any net deficit increase”;

9 (B) in paragraph (2) of subsection (b)—

10 (i) in the header by adding “or surplus de-
11 crease” after “deficit increase”;

12 (ii) in the matter before subparagraph (A),
13 by adding “or surplus” after “deficit”; and

14 (iii) in subparagraph (C), by adding “or
15 surplus” after “net deficit”; and

16 (C) in the header of subsection (c), by adding
17 “or surplus decrease” after “deficit increase”.

18 **SEC. 8. EXTENSION OF BALANCED BUDGET AND EMER-**
19 **GENCY DEFICIT CONTROL ACT.**

20 Section 275(b) of the Balanced Budget and Emer-
21 gency Deficit Control Act of 1985 is amended by striking
22 “September 30, 2002” and inserting “September 30,
23 2014” and by striking “September 30, 2006” and insert-
24 ing “September 30, 2018”.

1 **SEC. 9. EXTENSION OF SOCIAL SECURITY FIREWALL IN**
2 **CONGRESSIONAL BUDGET ACT.**

3 Section 904(e) of the Congressional Budget Act of
4 1974 is amended by striking “September 30, 2002” and
5 inserting “September 30, 2014”.

6 **SEC. 10. PROTECTION OF SOCIAL SECURITY INTEREST SAV-**
7 **INGS TRANSFERS.**

8 (a) DEFINITION OF DEFICIT AND SURPLUS UNDER
9 BUDGET ENFORCEMENT ACT.—Section 250(c) of the Bal-
10 anced Budget and Emergency Deficit Control Act of 1985
11 is amended in paragraph (1) by adding “‘surplus’,” before
12 “and ‘deficit’”.

13 (b) REDUCTION OR REVERSAL OF SOCIAL SECURITY
14 TRANSFERS NOT TO BE COUNTED AS PAY-AS-YOU-GO
15 OFFSET.—Any legislation that would reduce, reverse or
16 repeal the transfers to the Federal Old-Age and Survivors
17 Insurance Trust Fund and the Federal Disability Insur-
18 ance Trust Fund made by section 201(n) of the Social
19 Security Act, as added by section 3 of this Act, shall not
20 be counted on the pay-as-you-go scorecard and shall not
21 be included in any pay-as-you-go estimates made by the
22 Congressional Budget Office or the Office of Management
23 and Budget under section 252 of the Balanced Budget
24 and Emergency Deficit Control Act of 1985.

1 (c) CONFORMING CHANGE.—Section 252 of the Bal-
 2 anced Budget and Emergency Deficit Control Act of 1985
 3 is amended, in paragraph (4) of subsection (d), by—

- 4 (1) striking “and” after subparagraph (A),
- 5 (2) striking the period after the subparagraph
- 6 (B) and inserting “; and”, and
- 7 (3) adding the following:

8 “(C) provisions that reduce, reverse or re-
 9 peal transfers under Section 201(n) of the So-
 10 cial Security Act.”.

11 **SEC. 11. CONFORMING CHANGES.**

12 (a) REPORTS.—Section 254 of the Balanced Budget
 13 and Emergency Deficit Control Act of 1985 is amended—

- 14 (1) in paragraph (3) of subsection (c),
- 15 (A) in subparagraph (A), by adding “or
- 16 surplus” after “deficit”;
- 17 (B) in subparagraph (B), by adding “or
- 18 surplus” after “deficit”; and
- 19 (C) in subparagraph (C), by adding “or
- 20 surplus decrease” after “deficit increase”;
- 21 (2) in paragraph (4) of subsection (f), by add-
- 22 ing “or surplus” after “deficit”; and
- 23 (3) in subparagraph (A) of paragraph (2) of
- 24 subsection (f), by striking “2002” and inserting
- 25 “2009”.

1 (b) ORDERS.—Section 258A(a) of the Balanced
2 Budget and Emergency Deficit Control Act of 1985 is
3 amended in the first sentence by adding “or increase the
4 surplus” after “deficit”.

5 (c) PROCESS.—Section 258(C)(a) of the Balanced
6 Budget and Emergency Deficit Control Act of 1985 is
7 amended—

8 (1) in paragraph (2), by adding “or surplus in-
9 crease” after “deficit reduction”;

10 (2) in paragraph (3), by adding “or increase in
11 the surplus” after “reduction in the deficit”; and

12 (3) in paragraph (4), by adding “or surplus in-
13 crease” after “deficit reduction”.

○