103D CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
103–506

SOCIAL SECURITY ADMINISTRATIVE REFORM ACT OF 1994

MAY 12, 1994.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 4277]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 4277) to establish the Social Security Administration as an independent agency and to make other improvements in the old-age, survivors, and disability insurance program, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

79–338

79–338 O – 94 – 1

March 1, 1994
Publication: LB-48-General Government

dpc legislative bulletin

democratic policy committee

S. 1560
Social Security Administration Independence Act of 1993

DPC Staff Contact: Lauren Griffin (202-224-3232)

dpc

Democratic Policy Committee
United States Senate
Washington, D.C. 20510

George J. Mitchell, Chairman
Thomas A. Daschle, Co-Chairman

Summary

S. 1560, the *Social Security Administration Independence Act of 1993*, establishes the Social Security Administration (SSA) as an Independent Agency in the Executive branch, removing SSA from its current status as a component within the Department of Health and Human Services. The agency would be responsible for administering the Social Security, Old-Age, Survivors, and Disability (OASDI) programs, and the Supplemental Security Income (SSI) program.

This legislation, based on recommendations by the 1980 National Commission on Social Security, the 1983 National Commission on Social Security Reform, and the 1984 Congressional Panel on Social Security Organization, makes proposals aimed at improving the administration of the Social Security program and increasing public confidence in the social security system. Presently, public opinion polls consistently indicate that the Social Security program suffers from a lack of public confidence.

S. 1560:

- authorizes the President to appoint a Commissioner of Social Security, subject to Senate confirmation, to head the agency, which would provide stability in agency leadership;

- establishes a Social Security Advisory Board, a part-time bi-partisan board whose primary responsibility will be to make recommendations on SSA policy issues;

- provides for the smooth transition of related functions now within the Department of HHS to the independent SSA; and,

- makes a significant improvement in government without raising the cost of government.

Today, SSA has the second largest budget in the Federal government . It provides benefits to more than 42 million beneficiaries and maintains earnings records for over 120 million workers. Given the magnitude of its workload, SSA as an independent agency makes sense.

Major Provisions

Title I — Establishment of New Independent Agency

Establishment of Social Security Administration as an Independent Agency

S. 1560 would establish the SSA as an independent agency in the Executive branch of the Government. As an independent agency SSA would be responsible for administering:

- the Old-Age, Survivors, and Disability Insurance (OASDI) programs; and,

- the Supplemental Security Income (SSI) program.

Commissioner and Deputy Commissioner of Social Security

The Commissioner. S. 1560 establishes the Office of the Commissioner of Social Security as the head of the independent agency. The Commissioner would be appointed by the President for a four-year term, coincident with the term of the President, with the advice and consent of the Senate.

The Commissioner would:

- be responsible for the exercise of all powers and the discharge of all duties of SSA;

- have authority and control over all personnel and activities of the Agency; and,

- serve as a member of the five-member Board of Trustees of the OASDI trust funds.

The duties of the Commissioner would include:

- prescribing rules and regulations;
- establishing, altering, consolidating, or discontinuing organizational units and components of the agency; and,
- assigning duties and delegating, or authorizing successive re-delegations of, authority to act and to render decisions, to such officers and employees as the Commissioner may find necessary.

The Commissioner and Secretary of Health and Human Services are directed to consult with one another on an ongoing basis to assure:

- the coordination of the Social Security, SSI, Medicare and Medicaid programs; and,
- that adequate information concerning Medicare and Medicaid benefits will be available to the public.

The Deputy Commissioner. S. 1560 also establishes the Office of the Deputy Commissioner, appointed by the President for a four-year term and confirmed by the Senate. The Deputy Commissioner will perform such duties as assigned by the Commissioner and serve as acting Commissioner during the absence or disability of the Commissioner. The Deputy will serve as Commissioner in the event of vacancy of the office of Commissioner, unless the President designates an Acting Commissioner and serves as the secretary of the Board of Trustees of the OASDI trust funds.

Social Security Advisory Board

S. 1560 establishes a seven-member bipartisan Advisory board whose primary function will be to make recommendations on SSA policy issues. Members of the board will be appointed for a six-year term as follows:

- three members appointed by the President, subject to Senate confirmation, with no more than two from the same political party;

- two members appointed by the President *pro tempore* of the Senate (each from a different political party) with the advice of the Chairman and Ranking Minority member of the Senate Committee on Finance; and,

- two members appointed by the Speaker of the House of Representatives (each from a different political party) with the advice of the Chairman and Ranking Minority Member of the House Committee on Ways and Means.

Members of the advisory board will serve six-year staggered terms. Under the bill, the board is instructed to meet a minimum of six times annually.

Specific functions of the board include:

- analyzing the Nation's retirement and disability systems and making recommendations with respect to how the OASDI program and the SSI program, supported by other public and private systems, can most effectively assure economic security;

- studying and making recommendations relating to the coordination of programs that provide health security with the OASDI and SSI programs and with other private and public systems;

- recommending candidates to the President to consider in selecting nominees for the position of Commissioner and Deputy Commissioner;

- reviewing and assessing the quality of public service that the Administration provides to the public;

- reviewing and making recommendations with respect to policies and regulations regarding OASDI and SSI programs;

- increasing public understanding of the Social Security system;

- reviewing, in consultation with the Commissioner, the development and implementation of a long-range research and program evaluation plan for the Administration;
- reviewing and assessing any major studies of Social Security that may come to the attention of the Board; and,
- conducting such other reviews and assessments that the Board determines to be appropriate.

Chairman of the Advisory Board. The President will designate a member of the Board to be Chairman for a term of four years, coincident with the term of President.

Meetings. As stated above, the Board is required to meet a minimum of six times a year. The board is advisory in nature, and its members will meet on a part-time basis rather than serve as a standing body.

Personnel. The board may appoint a staff director to be paid at a rate equivalent to the rate for the Senior Executive Service and is authorized to hire additional staff as the board determines is necessary.

Personnel; Budgetary Matters; Seal of Office

Personnel. The Commissioner is authorized to appoint officers and employees to carry out the functions of SSA and procure the services of experts and consultants. The Director of the Office of Personnel Management would be required to provide SSA with a larger allotment of positions in the Senior Executive Service than the number of such positions provided to the Social Security Administration in HHS.

S. 1560 limits the number of employees allowed to be excepted from the competitive civil service to a maximum of ten employees. The ten position limit applies to all appointments made to fill any of the positions within SSA.

Budgetary Matters. Appropriations requests for the staffing and personnel of the Administration would be based upon a comprehensive workforce plan, as determined by the Commissioner. Appropriated contingency funds would be apportioned upon the occurrence of the stipulated contingency, as determined by the Commissioner and reported to each house of Congress.

Transfers to the New Social Security Administration

S. 1560 transfers all functions, assets, and personnel related to the administration of Social Security programs from HHS to the independent SSA. The bill also abolishes the office of Commissioner of Social Security within the Department of HHS, effective upon the appointment of a Commissioner of Social Security under this act.

Transitional Rules

The President, within 30 days after enactment of **S. 1506**, will appoint a Transition Director to lead the transition of SSA to its new status as an independent agency. Prior to the appointment of a Commissioner of Social Security, the Transition Director will consult regularly with the Director of the Office of Management and Budget regarding transition activities. After appointment of a Commissioner, the Transition Director will conduct transition activities at the direction of the Commissioner.

The President is required to appoint a Commissioner of Social Security within 60 days of enactment of the legislation. Upon such appointment and confirmation by the Senate, the Commissioner will assume the duties of the HHS Commissioner of Social Security until SSA is established as an independent agency.

Within 120 days of enactment, the Transition Director and the Commissioner of Social Security are directed to report to the Congress on the status of the transition and on any significant internal restructuring or management improvements proposed to be undertaken.

In addition, the bill provides interim authority for the appointment and compensation of officers whose positions are established under this bill. It also continues, under the authority of the independent agency, all orders, rules, regulations, determinations, collective bargaining agreements, recognitions of labor organizations, and licenses in effect under the authority of HHS until modified or terminated in accordance with the law.

All suits and proceedings before the Secretary of HHS before SSA becomes an independent agency shall be continued by the independent SSA.

Title II — Conforming Amendments

The provisions in this title amend the *Social Security Act* and related statutes to make conforming changes necessary with passage of **S. 1560**.

Legislative History

Separating SSA from HHS was first recommended in the 1980 report of the National Commission on Social Security, and again, in the report by the National Commission on Social Security Reform in 1983. Following the 1983 Commission's recommendation, Congress asked for a study of how to make SSA independent. The study was conducted by a three-member panel headed by Elmer Staats, former Comptroller General of GAO. The panel determined that an independent SSA should be headed by a single administrator, with a bipartisan advisory panel to permit independent review and to encourage broadly based policy analysis. In 1989, GAO reported similar findings, concluding that "a single administrator would be the best management structure for SSA."

S. 1560, which incorporates the recommendations to make SSA an independent agency in the Executive branch of government, was reported favorably out of the Finance Committee in November, 1993. Finance Chairman Moynihan, chief sponsor of **S. 1560**, in earlier Congresses had introduced similar legislation, but it was never considered by the full Senate. The Finance Committee has approved identical legislation three times, first in 1989, and most recently in November, 1993, when **S. 1560** was reported out of committee.

Background

Presently, the responsibility for administration of OASDI programs and the Supplemental Security Income Program is vested in the Secretary of Health and Human Services. The programs are administered by the Social Security Administration, a component of the Department of Health and Human Services. SSA is headed by a Commissioner appointed by the President and directly responsible to the Secretary of HHS.

Proposals to make SSA an independent agency have the support of nearly every organization with an interest in Social Security. Supporters include the American Association of Retired Persons, the National Council of Senior Citizens, the AFL-CIO, and the Save Our Security Coalition.

House Bill

H.R. 647, introduced by Representative Jacobs in the House of Representatives, is similar to **S. 1560**.

Freestanding bills to make SSA an independent agency have been passed by the House twice — by a unanimous vote of 401-0 in 1986, and by a vote of 350-8 in 1992.

Administration Position

At press time, the official position of the Administration was not available.

Cost Estimate

CBO estimates that discretionary spending, in the form of requirements for administrative appropriations, may increase by $1 million in each of the five fiscal years 1994-1998.

GOVERNMENT OPERATIONS: CONFEREES REACH AGREEMENT ON INDEPENDENT SOCIAL SECURITY
Hill News Highlights
(NEWS; 07/22/94; 41 lines)
Item Key: 15486
--- --- --- --- --- --- --- --- --- --- --- --- --- --- --- --- ---

GOVERNMENT OPERATIONS: CONFEREES REACH AGREEMENT ON INDEPENDENT SOCIAL SECURITY

The Social Security Administration would become an independent agency under terms of an agreement reached late Wednesday by a House-Senate conference committee.

Under the bill (HR4277), Social Security would become independent from the Department of Health and Human Services (HHS) by March 31, 1995. It would be administered by a commissioner and deputy commissioner appointed to six-year terms by the president and confirmed by the Senate.

They would be advised by a seven-member board: three members appointed by the president and two each by the House Speaker and Senate president pro tempore.

That structure is largely along the lines approved by the Senate; the House bill had called for the agency to be run by an executive director hired by a three-person presidentially appointed board.

President Clinton has embraced the proposal to make Social Security independent, and it is strongly supported by groups representing senior citizens.

"We hope to increase public confidence in Social Security by giving the agency more visibility and accountability, by improving administrative efficiency, and by insulating the program from politics," Senate Finance Chairman Daniel Patrick Moynihan, D-N.Y., said in a statement.

The legislation also includes provisions to generally restrict benefits paid to alcoholics and drug addicts under Supplemental Security Income (SSI) or Social Security disability to three years.

The Social Security Administration is the largest agency in HHS and the ninth largest in the federal government. It has 65,000 employees and 1,300 field offices. In fiscal 1993, the agency made $298.1 billion in net benefits payments and spent $6.4 billion on administrative and other expenses.

There are no more items to read.