

106TH CONGRESS
1ST SESSION

H. R. 160

To amend title II of the Social Security Act to ensure the integrity of the Social Security trust funds by providing for investment of such trust funds in marketable interest-bearing obligations of the United States, and to protect such trust funds from the public debt limit.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. ROYCE (for himself, Mr. CAMPBELL, Mr. HUTCHINSON, Mrs. BONO, Mr. MILLER of Florida, Mr. NORWOOD, Mr. LATOURETTE, Mr. REGULA, and Mr. MCINTOSH) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to ensure the integrity of the Social Security trust funds by providing for investment of such trust funds in marketable interest-bearing obligations of the United States, 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
5 Strengthening and Protection Act of 1999”.

1 **SEC. 2. INVESTMENT OF THE FEDERAL OLD-AGE AND SUR-**
2 **VIVORS INSURANCE TRUST FUND AND THE**
3 **FEDERAL DISABILITY INSURANCE TRUST**
4 **FUND.**

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

7 (1) by inserting “(1)” after “(d)”;

8 (2) by striking “Such investments may be made
9 only” and inserting the following: “Except as pro-
10 vided in paragraphs (2) and (3), such investments
11 may be made only”;

12 (3) by striking the last sentence; and

13 (4) by adding at the end the following new
14 paragraphs:

15 “(2)(A) As of the end of each fiscal year, the Manag-
16 ing Trustee shall determine—

17 “(i) the surplus (if any) in the total budget of
18 the Government of the United States, and

19 “(ii) the total amount of the Trust Funds then
20 invested in obligations issued pursuant to paragraph
21 (1).

22 “(B) During the following fiscal year, the Managing
23 Trustee shall purchase qualified investments, with
24 amounts otherwise available in the general fund of the
25 Treasury, at original issue or on the market, at a total
26 cost equal to at least 90 percent of the surplus referred

1 to in subparagraph (A)(i), except that such total cost may
2 not exceed the total amount referred to in subparagraph
3 (A)(ii).

4 “(C) Upon the purchase of qualified investments pur-
5 suant to subparagraph (B), the Managing Trustee shall
6 redeem, with such qualified investments, obligations which
7 have been issued pursuant to paragraph (1) and are held
8 by either of the Trust Funds. Such qualified investments
9 shall be held by the Trust Fund until liquidation of such
10 qualified investments is necessary to meet current with-
11 draws or is otherwise determined by the Managing
12 Trustee to be in the public interest.

13 “(D) Effective for fiscal years beginning after such
14 time as all obligations issued pursuant to paragraph (1)
15 and held by the Trust Funds have been redeemed with
16 qualified investments pursuant to subparagraph (C), the
17 Managing Trustee shall invest only in qualified invest-
18 ments such portion of each Trust Fund as is not, in his
19 judgment, required to meet current withdrawals.

20 “(E) The Managing Trustee shall exercise his author-
21 ity under this paragraph solely for the benefit of the bene-
22 ficiaries under the old-age, survivors, and disability insur-
23 ance program under this title.

24 “(3) For purposes of paragraph (2)—

1 “(A)(i) The term ‘qualified investment’ means a
2 marketable interest-bearing obligation of the United
3 States, purchased on original issue or at the market
4 price, which meets the requirements of clause (ii).

5 “(ii) An obligation referred to in clause (i)
6 meets the requirements of this section if such
7 obligation—

8 “(I) has a maturity fixed with due regard
9 for the needs of the Trust Funds,

10 “(II) bears interest at a rate at least equal
11 to the average market yield (computed by the
12 Managing Trustee on the basis of market
13 quotations as of the end of the calendar month
14 next preceding the date of purchase) on all
15 marketable interest-bearing obligations of the
16 United States then forming a part of the public
17 debt which are not due or callable until after
18 the expiration of four years from the end of
19 such calendar month, and

20 “(III) is subject to an option to redeem
21 such obligations at any time at the purchase
22 price.

23 “(B) The term ‘total budget of the United
24 States Government’ means all spending and receipt

1 accounts of the United States Government that are
 2 designated as on-budget or off-budget accounts.

3 “(4) The preceding provisions of this subsection shall
 4 be subject to such reforms of the old-age, survivors, and
 5 disability insurance program under this title as may be
 6 provided in legislation enacted after the date of the enact-
 7 ment of the Social Security Strengthening and Protection
 8 Act of 1999.”.

9 (b) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply with respect to fiscal years begin-
 11 ning on or after October 1, 2000.

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

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

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

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