

106TH CONGRESS
1ST SESSION

H. R. 3165

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 HOUSE OF REPRESENTATIVES

OCTOBER 28, 1999

Mr. GEPHARDT (for himself, Mr. BONIOR, Mr. RANGEL, Mr. MATSUI, Mr. STARK, Mr. COYNE, Mr. LEVIN, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. JEFFERSON, Mr. BECERRA, Mrs. THURMAN, Mr. FROST, Ms. STABENOW, Mr. POMEROY, Mr. MALONEY of Connecticut, Mr. WISE, Ms. BERKLEY, Mrs. NAPOLITANO, Ms. BALDWIN, Ms. DELAURO, Mr. MENENDEZ, Mr. HOLT, Mr. BAIRD, and Mr. HOEFFEL) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Strengthen Social Se-
3 curity and Medicare Act of 1999”.

4 **SEC. 2. FINDINGS AND PURPOSE.**

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

6 (1) The social security system is one of the cor-
7 nerstones of American national policy and has al-
8 lowed a generation of Americans to retire with dig-
9 nity. For 30 percent of all senior citizens, social se-
10 curity benefits provide almost 90 percent of their re-
11 tirement income. For 66 percent of all senior citi-
12 zens, social security benefits provide over half of
13 their retirement income. Poverty rates among the el-
14 derly are at the lowest level since the United States
15 began to keep poverty statistics, due in large part to
16 the social security system. The social security sys-
17 tem, together with the additional protections af-
18 forded by the medicare system, have been an out-
19 standing success for past and current retirees and
20 must be preserved for future retirees.

21 (2) The long-term solvency of the social security
22 and medicare trust funds is not assured. There is an
23 estimated long-range actuarial deficit in the social
24 security trust funds. According to the 1999 report of
25 the Board of Trustees of the social security trust
26 funds, the accumulated balances in the Federal Old-

1 Age and Survivors Insurance Trust Fund and the
2 Federal Disability Insurance Trust Fund are cur-
3 rently projected to become unable to pay benefits in
4 full on a timely basis starting in 2034. The medicare
5 system faces more immediate financial shortfalls,
6 with the Hospital Insurance Trust Fund projected
7 to become exhausted in 2015.

8 (3) In addition to preserving social security and
9 medicare, the Congress and the President have a re-
10 sponsibility to future generations to reduce the Fed-
11 eral debt held by the public. Significant debt reduc-
12 tion will contribute to the economy and improve the
13 Government's ability to fulfill its responsibilities and
14 to face future challenges, including preserving and
15 strengthening social security and medicare.

16 (4) The Federal Government is now in sound fi-
17 nancial condition. The Federal budget is projected to
18 generate significant surpluses. In fiscal years 1998
19 and 1999, there were unified budget surpluses, the
20 first consecutive surpluses in more than 40 years.
21 Over the next 15 years, the Government projects the
22 on-budget surplus, which excludes social security, to
23 total \$2,900,000,000,000. The unified budget sur-
24 plus (including social security) is projected by the

1 Government to total \$5,900,000,000,000 over the
2 next 15 years.

3 (5) The surplus, excluding social security, offers
4 an unparalleled opportunity to: preserve social secu-
5 rity; protect, strengthen, and modernize medicare;
6 and significantly reduce the Federal debt held by the
7 public, for the future benefit of all Americans.

8 (b) PURPOSE.—It is the purpose of this Act to pro-
9 tect the social security surplus for debt reduction, to ex-
10 tend the solvency of social security, and to set aside a re-
11 serve to be used to protect, strengthen, and modernize
12 medicare.

13 **SEC. 3. ADDITIONAL APPROPRIATIONS TO FEDERAL OLD-**
14 **AGE AND SURVIVORS INSURANCE TRUST**
15 **FUND AND FEDERAL DISABILITY INSURANCE**
16 **TRUST FUND.**

17 (a) PURPOSE.—The purpose of this section is to as-
18 sure that the interest savings on the debt held by the pub-
19 lic achieved as a result of social security surpluses from
20 2000 to 2015 are dedicated to social security solvency.

21 (b) ADDITIONAL APPROPRIATION TO TRUST
22 FUNDS.—Section 201 of the Social Security Act (42
23 U.S.C. 401) is amended by adding at the end the following
24 new subsection:

1 “(n) ADDITIONAL APPROPRIATION TO TRUST
2 FUNDS.—

3 “(1) In addition to the amounts appropriated to
4 the Trust Funds under subsections (a) and (b),
5 there is hereby appropriated to the Trust Funds, out
6 of any moneys in the Treasury not otherwise
7 appropriated—

8 “(A) for the fiscal year ending September
9 30, 2011, and for each fiscal year thereafter
10 through the fiscal year ending September 30,
11 2016, an amount equal to the prescribed
12 amount for the fiscal year; and

13 “(B) for the fiscal year ending September
14 30, 2017, and for each fiscal year thereafter
15 through the fiscal year ending September 30,
16 2044, an amount equal to the prescribed
17 amount for the fiscal year ending September
18 30, 2016.

19 “(2) The amount appropriated by paragraph
20 (1) in each fiscal year shall be transferred in equal
21 monthly installments.

22 “(3) The amount appropriated by paragraph
23 (1) in each fiscal year shall be allocated between the
24 Trust Funds in the same proportion as the taxes im-
25 posed by chapter 21 (other than sections 3101(b)

1 and 3111(b)) of the Internal Revenue Code of 1986
2 with respect to wages (as defined in section 3121
3 of such Code) reported to the Secretary of Treasury
4 or his delegate pursuant to subtitle F of such Code,
5 and the taxes imposed by chapter 2 (other than sec-
6 tion 1401(b)) of such Code with respect to self-em-
7 ployment income (as defined in section 1402 of such
8 Code) reported to the Secretary of the Treasury or
9 his delegate pursuant to subtitle F of such Code,
10 are allocated between the Trust Funds in the cal-
11 endar year that begins in the fiscal year.

12 “(4) For purposes of this subsection, the pre-
13 scribed amount for any fiscal year shall be deter-
14 mined by multiplying:

15 “(A) the excess of—

16 “(i) the sum of—

17 “(I) the face amount of all obli-
18 gations of the United States held by
19 the Trust Funds on the last day of
20 the fiscal year immediately preceding
21 the fiscal year of determination pur-
22 chased with amounts appropriated or
23 credited to the Trust Funds other
24 than any amount appropriated under
25 paragraph (1); and

1 “(II) the sum of the amounts ap-
2 propriated under paragraph (1) and
3 transferred under paragraph (2)
4 through the last day of the fiscal year
5 immediately preceding the fiscal year
6 of determination, and an amount
7 equal to the interest that would have
8 been earned thereon had those
9 amounts been invested in obligations
10 of the United States issued directly to
11 the Trust Funds under subsections
12 (d) and (f); over

13 “(ii) the face amount of all obligations
14 of the United States held by the Trust
15 Funds on September 30, 1999, times

16 “(B) a rate of interest determined by the
17 Secretary of the Treasury, at the beginning of
18 the fiscal year of determination, as follows:

19 “(i) if there are any marketable inter-
20 est-bearing obligations of the United
21 States then forming a part of the public
22 debt, a rate of interest determined by tak-
23 ing into consideration the average market
24 yield (computed on the basis of daily clos-
25 ing market bid quotations or prices during

1 the calendar month immediately preceding
2 the determination of the rate of interest)
3 on such obligations; and

4 “(ii) if there are no marketable inter-
5 est-bearing obligations of the United
6 States then forming a part of the public
7 debt, a rate of interest determined to be
8 the best approximation of the rate of inter-
9 est described in clause (i), taking into con-
10 sideration the average market yield (com-
11 puted on the basis of daily closing market
12 bid quotations or prices during the cal-
13 endar month immediately preceding the de-
14 termination of the rate of interest) on in-
15 vestment grade corporate obligations se-
16 lected by the Secretary of the Treasury,
17 less an adjustment made by the Secretary
18 of the Treasury to take into account the
19 difference between the yields on corporate
20 obligations comparable to the obligations
21 selected by the Secretary of the Treasury
22 and yields on obligations of comparable
23 maturities issued by risk-free government
24 issuers selected by the Secretary of the
25 Treasury.”.

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

2 (a) POINTS OF ORDER TO PROTECT SOCIAL SECUR-
3 RITY SURPLUSES.—Section 312 of the Congressional
4 Budget Act of 1974 is amended by adding at the end the
5 following new subsection:

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

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

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

18 “(A) the enactment of that bill or resolu-
19 tion, as reported;

20 “(B) the adoption and enactment of that
21 amendment; or

22 “(C) the enactment of that bill or resolu-
23 tion in the form recommended in that con-
24 ference report;

25 would cause or increase an on-budget deficit for any
26 fiscal year.

1 “(3) BUDGET RESOLUTION BASELINE.—(A)
2 For purposes of this subsection, the term ‘on-budget
3 deficit’ means, with respect to a concurrent resolu-
4 tion on the budget, that the resolution sets forth an
5 on-budget deficit for a fiscal year and the baseline
6 budget projection of the surplus or deficit for such
7 fiscal year on which such resolution is based projects
8 an on-budget surplus, on-budget balance, or an on-
9 budget deficit that is less than the deficit set forth
10 in the resolution.

11 “(B) For purposes of this subsection, the term
12 ‘cause or increase an on-budget deficit’ means, with
13 respect to legislation, causes or increase an on-budg-
14 et deficit relative to the baseline budget projection.

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

22 “(i) if outlays for programs subject to dis-
23 cretionary appropriations are subject to discre-
24 tionary statutory spending limits, such outlays
25 shall be projected at the level of any applicable

1 current adjusted statutory discretionary spend-
2 ing limits;

3 “(ii) if outlays for programs subject to dis-
4 cretionary appropriations are not subject to dis-
5 cretionary spending limits, such outlays shall be
6 projected as required by section 257 beginning
7 in the first fiscal year following the last fiscal
8 year in which such limits applied; and

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

20 (b) CONTENT OF CONCURRENT RESOLUTIONS ON
21 THE BUDGET.—Section 301(a) of the Congressional
22 Budget Act of 1974 is amended by redesignating para-
23 graphs (6) and (7) as paragraphs (7) and (8), respectively,
24 and by inserting after paragraph (5) the following new
25 paragraph:

1 “(6) the receipts, outlays, and surplus or deficit
2 in the Federal Old-Age and Survivors Insurance
3 Trust Fund and the Federal Disability Insurance
4 Trust Fund, combined, established by title II of the
5 Social Security Act;”.

6 (c) SUPER MAJORITY REQUIREMENT.—

7 (1) Section 904(c)(1) of the Congressional
8 Budget Act of 1974 is amended by inserting
9 “312(g),” after “310(d)(2),”.

10 (2) Section 904(d)(2) of the Congressional
11 Budget Act of 1974 is amended by inserting
12 “312(g),” after “310(d)(2),”.

13 **SEC. 5. PROTECTION OF MEDICARE.**

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

15 (1) Section 301 of the Congressional Budget
16 Act of 1974 is amended by adding at the end the
17 following new subsection:

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

19 “(1) IN GENERAL.—It shall not be in order in
20 the House of Representatives or the Senate to con-
21 sider any concurrent resolution on the budget (or
22 amendment, motion, or conference report on the res-
23 olution) that would decrease the on-budget surplus
24 for the total of the period of fiscal years 2000
25 through 2009 below the level of the medicare surplus

1 reserve for those fiscal years as calculated in accord-
2 ance with section 3(11).

3 “(2) INAPPLICABILITY.—This subsection shall
4 not apply to legislation that—

5 “(A) appropriates a portion of the medi-
6 care reserve for new amounts for prescription
7 drug benefits under the medicare program as
8 part of or subsequent to legislation extending
9 the solvency of the Medicare Hospital Insurance
10 Trust Fund; or

11 “(B) appropriates new amounts from the
12 general fund to the Medicare Hospital Insur-
13 ance Trust Fund.”.

14 (2) Section 311(a) of the Congressional Budget
15 Act of 1974 is amended by adding at the end the
16 following:

17 “(4) ENFORCEMENT OF THE MEDICARE SUR-
18 PLUS RESERVE.—

19 “(A) IN GENERAL.—It shall not be in
20 order in the House of Representatives or the
21 Senate to consider any bill, joint resolution,
22 amendment, motion, or conference report that
23 together with associated interest costs would
24 decrease the on-budget surplus for the total of
25 the period of fiscal years 2000 through 2009

1 below the level of the medicare surplus reserve
2 for those fiscal years as calculated in accord-
3 ance with section 3(11).

4 “(B) INAPPLICABILITY.—This paragraph
5 shall not apply to legislation that—

6 “(i) appropriates a portion of the
7 medicare reserve for new amounts for pre-
8 scription drug benefits under the medicare
9 program as part of or subsequent to legis-
10 lation extending the solvency of the Medi-
11 care Hospital Insurance Trust Fund; or

12 “(ii) appropriates new amounts from
13 the general fund to the Medicare Hospital
14 Insurance Trust Fund.”.

15 (b) DEFINITION.—Section 3 of the Congressional
16 Budget Act of 1974 is amended by adding at the end the
17 following:

18 “(11) The term ‘Medicare surplus reserve’
19 means $\frac{1}{3}$ of any on-budget surplus for the total of
20 the period of the fiscal years 2000 through 2009, as
21 estimated by the Congressional Budget Office in the
22 most recent initial report for a fiscal year pursuant
23 to section 202(e).”.

24 (c) SUPER MAJORITY REQUIREMENT.—

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

4 (2) Section 904(d)(3) of the Congressional
5 Budget Act of 1974 is amended by inserting
6 “301(j),” after “301(i),”.

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

8 (a) **EXTENSION OF LIMITS.**—Section 215(b)(2) of
9 the Balanced Budget and Emergency Deficit Control Act
10 of 1985 is amended, in the matter before subparagraph
11 (A), by striking “2002” and inserting “2014”.

12 (b) **EXTENSION OF AMOUNTS.**—Section 251(c) of the
13 Balanced Budget and Emergency Deficit Control Act of
14 1985 is amended by striking paragraphs (4), (5), (6), and
15 (7), and inserting the following:

16 “(4) with respect to fiscal year 2000—

17 “(A) for the discretionary category:
18 \$535,368,000,000 in new budget authority and
19 \$543,257,000,000 in outlays;

20 “(B) for the highway category:
21 \$24,574,000,000 in outlays;

22 “(C) for the mass transit category:
23 \$4,117,000,000 in outlays; and

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

4 “(5) with respect to fiscal year 2001—

5 “(A) for the discretionary category:
6 \$573,004,000,000 in new budget authority and
7 \$564,931,000,000 in outlays;

8 “(B) for the highway category:
9 \$26,234,000,000 in outlays; and

10 “(C) for the mass transit category:
11 \$4,888,000,000 in outlays;

12 “(6) with respect to fiscal year 2002—

13 “(A) for the discretionary category:
14 \$584,754,000,000 in new budget authority and
15 \$582,516,000,000 in outlays;

16 “(B) for the highway category:
17 \$26,655,000,000 in outlays; and

18 “(C) for the mass transit category:
19 \$5,384,000,000 in outlays;

20 “(7) with respect to fiscal year 2003—

21 “(A) for the discretionary category:
22 \$590,800,000,000 in new budget authority and
23 \$587,642,000,000 in outlays;

24 “(B) for the highway category:
25 \$27,041,000,000 in outlays; and

1 “(C) for the mass transit category:
2 \$6,124,000,000 in outlays;

3 “(8) with respect to fiscal year 2004, for the
4 discretionary category: \$604,319,000,000 in the new
5 budget authority and \$634,039,000,000 in outlays;

6 “(9) with respect to fiscal year 2005, for the
7 discretionary category: \$616,496,000,000 in new
8 budget authority and \$653,530,000,000 in outlays;

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

12 “(11) with respect to fiscal year 2007, for the
13 discretionary category: \$644,525,000,000 in new
14 budget authority and \$687,532,000,000 in outlays;

15 “(12) with respect to fiscal year 2008, for the
16 discretionary category: \$663,611,000,000 in the new
17 budget authority and \$704,534,000,000 in outlays;
18 and

19 “(13) with respect to fiscal year 2009, for the
20 discretionary category: \$678,019,000,000 in new
21 budget authority and \$721,215,000,000 in outlays;

22 as adjusted in strict conformance with subsection (b).

23 With respect to fiscal year 2010 and each fiscal year
24 thereafter, the term ‘discretionary spending limit’ means,

25 for the discretionary category, the baseline amount cal-

1 culated pursuant to the requirements of section 257(c),
2 as adjusted in strict conformance with subsection(b).”.

3 **SEC. 7. EXTENSION AND CLARIFICATION OF PAY-AS-YOU-**
4 **GO REQUIREMENT.**

5 Section 252 of the Balanced Budget and Emergency
6 Deficit Control Act of 1985 is amended—

7 (1) in subsection (a), by striking “October 1,
8 2002” and inserting “October 1, 2014” and by in-
9 serting “or decreases the surplus” after “increases
10 the deficit”;

11 (2)(A) in subsection (b)(1), by striking “Octo-
12 ber 1, 2002” and inserting “October 1, 2014” and
13 by inserting “or any net surplus decrease” after
14 “any net deficit increase”;

15 (B) in subsection (b)(2)—

16 (i) in the side heading, by inserting “OR
17 SURPLUS DECREASE” after “DEFICIT IN-
18 CREASE”;

19 (ii) in the matter before subparagraph (A),
20 by inserting “or surplus” after “deficit”; and

21 (iii) in subparagraph (C), by inserting “or
22 surplus” after “net deficit”; and

23 (C) in the heading of subsection (c), by insert-
24 ing “OR SURPLUS” after “DEFICIT INCREASE”.

1 **SEC. 8. EXTENSION OF BALANCED BUDGET AND EMER-**
2 **GENCY DEFICIT CONTROL ACT.**

3 Section 275(b) of the Balanced Budget and Emer-
4 gency Deficit Control Act of 1985 is amended by striking
5 “September 30, 2002” and inserting “September 30,
6 2014” and by striking “September 30, 2006” and insert-
7 ing “September 30, 2018”.

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

10 Section 904(e) of the Congressional Budget Act of
11 1974 is amended by striking “September 30, 2002” and
12 inserting “September 30, 2014”.

13 **SEC. 10. PROTECTION OF SOCIAL SECURITY INTEREST SAV-**
14 **INGS TRANSFERS.**

15 (a) DEFINITION OF DEFICIT AND SURPLUS UNDER
16 BUDGET ENFORCEMENT ACT.—Section 250(c)(1) of the
17 Balanced Budget and Emergency Deficit Control Act of
18 1985 is amended by inserting “surplus” before “and ‘def-
19 icit””.

20 (b) REDUCTION OR REVERSAL OF SOCIAL SECURITY
21 TRANSFERS NOT TO BE COUNTED AS PAY-AS-YOU-GO
22 OFFSET.—Any legislation that would reduce, reverse, or
23 repeal the transfers to the Federal Old-Age and Survivors
24 Insurance Trust Fund and the Federal Disability Insur-
25 ance Trust Fund made by section 201(n) of the Social
26 Security Act (as added by section 3 of this Act) shall not

1 be counted on the pay-as-you-go scorecard and shall not
2 be included in any pay-as-you-go estimates made by the
3 Congressional Budget Office of the Office or the Office
4 of Management and Budget under section 252 of the Bal-
5 anced Budget and Emergency Deficit Control Act of 1985.

6 (c) CONFORMING CHANGES.—Section 252(d)(4) of
7 the Balanced Budget and Emergency Deficit Control Act
8 of 1985 is amended by—

9 (1) striking “and” at the end of subparagraph
10 (A);

11 (2) striking the period at the end of subpara-
12 graph (B) and inserting “; and”; and

13 (3) adding at the end the following new sub-
14 paragraph:

15 “(C) provisions that reduce, reverse, or re-
16 peal transfers under section 201(n) of the So-
17 cial Security Act.”.

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

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

21 (1) in subsection (c)(3)—

22 (A) in subparagraph (A), by inserting “or
23 surplus” after “deficits”;

24 (B) in subparagraph (B), by inserting “or
25 surplus” after “deficits”; and

1 (C) in subparagraph (C) by inserting “or
2 surplus decrease” after “deficit increase”;

3 (2) in subsection (f)(4), by inserting “or sur-
4 plus” after “deficit”; and

5 (3) in subsection (f)(2)(A), by striking “2002”
6 and inserting “2009”.

7 (b) ORDERS.—The first sentence of section 258A(a)
8 of the Balanced Budget and Emergency Deficit Control
9 Act of 1985 is amended by inserting “or increase the sur-
10 plus” after “deficit”.

11 (c) PROCESS.—Section 258(C)(a) of the Balanced
12 Budget and Emergency Deficit Control Act of 1985 is
13 amended—

14 (1) in paragraph (2), by inserting “or surplus
15 increase” after “deficit reduction”;

16 (2) in paragraph (3), by inserting “or increase
17 in the surplus” after “reduction in the deficit”; and

18 (3) in paragraph (4), by inserting “or surplus
19 increase” after deficit reductions”.

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