

103^D CONGRESS
1ST SESSION

H. R. 2512

To amend titles II and XVIII of the Social Security Act to ensure the integrity of the social security trust funds by reconstituting the Boards of Trustees of such trust funds and the Managing Trustee of such trust funds to increase their independence, by providing for annual investment plans to guide investment of amounts in such trust funds, and by removing unnecessary restrictions on investment and disinvestment of amounts in such trust funds.

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1993

Mr. SOLOMON introduced the following bill; which was referred jointly to the Committees on Ways and Means and Energy and Commerce

A BILL

To amend titles II and XVIII of the Social Security Act to ensure the integrity of the social security trust funds by reconstituting the Boards of Trustees of such trust funds and the Managing Trustee of such trust funds to increase their independence, by providing for annual investment plans to guide investment of amounts in such trust funds, and by removing unnecessary restrictions on investment and disinvestment of amounts in such trust funds.

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 “Social Security Trust
3 Funds Integrity Act of 1993”.

4 **SEC. 2. INDEPENDENT MANAGING TRUSTEE AND BOARD OF**
5 **TRUSTEES.**

6 (a) IN GENERAL.—Section 201(c) of the Social Secu-
7 rity Act is amended—

8 (1) in the seventh sentence, by redesignating
9 paragraphs (1), (2), (3), (4), and (5) as subpara-
10 graphs (A), (B), (C), (D), and (E), respectively, and

11 (2) by striking “(c) With respect to” and all
12 that follows through “It shall be the duty” in the
13 seventh sentence and inserting the following:

14 “(c)(1) With respect to the Federal Old-Age and Sur-
15 vivors Insurance Trust Fund and the Federal Disability
16 Insurance Trust Fund (hereinafter in this title referred
17 to as the ‘Trust Funds’) there is hereby created a body
18 to be known as the Board of Trustees of the Trust Funds
19 (hereinafter in this title called the ‘Board of Trustees’).

20 The Board of Trustees shall be composed of—

21 “(A) 10 members appointed by the President,
22 by and with the advice and consent of the Senate,
23 as follows:

24 “(i) 2 shall be appointed after taking into
25 account recommendations by the Speaker of the
26 House of Representatives;

1 “(ii) 2 shall be appointed after taking into
2 account recommendations by the President pro
3 tempore of the Senate;

4 “(iii) 2 shall be appointed after taking into
5 account recommendations by the Minority
6 Leader of the House of Representatives;

7 “(iv) 2 shall be appointed after taking into
8 account recommendations by the Minority
9 Leader of the Senate; and

10 “(v) 2 shall be appointed after taking into
11 account recommendations by private organiza-
12 tions determined by the President to consist of
13 the 5 largest such organizations representing
14 the interests of senior citizens in the United
15 States; and

16 “(B) the Managing Trustee of the Social Secu-
17 rity Trust Funds appointed under paragraph (3)
18 (hereinafter in this title referred to as the ‘Managing
19 Trustee’).

20 The Managing Trustee shall serve as Chair of the Board
21 of Trustees. The Commissioner of Social Security shall
22 serve as Secretary of the Board of Trustees. The Board
23 of Trustees shall meet not less frequently than once each
24 calendar year.

1 “(2)(A) Of the members of the Board of Trustees ap-
2 pointed under paragraph (1)(A), not more than 5 shall
3 be of the same political party.

4 “(B) The members of the Board of Trustees ap-
5 pointed under paragraph (1)(A) shall serve for a term of
6 6 years, except that, of the first individuals appointed, one
7 individual appointed under each of clauses (i), (ii), (iii),
8 (iv), and (v) of paragraph (1)(A) shall serve for a term
9 ending December 31, 1996, and the other individual ap-
10 pointed under each of such clauses shall serve for a term
11 ending December 31, 1999, as designated by the President
12 at the time of appointment. An individual may serve as
13 such a member of the Board of Trustees after the expira-
14 tion of his or her term until his or her successor has taken
15 office. An individual appointed to fill a vacancy occurring
16 other than by the expiration of a term of office shall be
17 appointed only for the unexpired term of the individual
18 he or she succeeds. An individual may be removed as such
19 a member of the Board of Trustees only for cause and
20 only after such cause has been reported in writing to the
21 Speaker of the House of Representatives and the Presi-
22 dent pro tempore of the Senate.

23 “(C) Each member of the Board of Trustees ap-
24 pointed under paragraph (1)(A) shall receive compensa-
25 tion at the daily equivalent of the rate payable for level

1 IV of the Executive Schedule under section 5314 of title
2 5, United States Code, for each day on which such mem-
3 ber is engaged in the performance of his or her duties on
4 the Board of Trustees, and shall in addition be reimbursed
5 for the actual and necessary expenses incurred by him or
6 her in the performance of his or her duties.

7 “(3)(A) The Managing Trustee shall be appointed by
8 the President, by and with the advice and consent of the
9 Senate.

10 “(B) The Managing Trustee shall serve for a term
11 of four years, except that the first individual appointed
12 as Managing Trustee under this paragraph shall serve for
13 a term ending December 31, 1997. An individual may
14 serve as Managing Trustee after the expiration of his or
15 her term until his or her successor has taken office as
16 Managing Trustee. An individual appointed to fill a va-
17 cancy occurring other than by the expiration of a term
18 of office shall be appointed only for the unexpired term
19 of the individual he or she succeeds. An individual may
20 be removed as Managing Trustee only for cause and only
21 after such cause has been reported in writing to the
22 Speaker of the House of Representatives and the Presi-
23 dent pro tempore of the Senate.

24 “(C) The Managing Trustee shall not engage in any
25 other business, vocation, or employment. Any individual

1 who is engaging in any other business, vocation, or em-
2 ployment at the time of his or her appointment as Manag-
3 ing Trustee shall terminate or liquidate such activity no
4 later than 90 days after such appointment.

5 “(D) The Managing Trustee shall receive compensa-
6 tion at the rate payable for level III of the Executive
7 Schedule under section 5314 of title 5, United States
8 Code, and shall in addition be reimbursed for the actual
9 and necessary expenses incurred by him or her in the per-
10 formance of his or her duties.

11 “(4) The Managing Trustee and the other members
12 of the Board of Trustees shall be chosen, on the basis of
13 their integrity, impartiality, and good judgment, from
14 among individuals who, by reason of their education, expe-
15 rience, and attainments, are exceptionally qualified to per-
16 form their duties prescribed under this Act and who have
17 no conflicting interest which would hinder the performance
18 of disinterested public service either in the investment of
19 either of the Trust Funds, the Federal Hospital Insurance
20 Trust Fund, or the Federal Supplementary Medical Insur-
21 ance Trust Fund or in the other functions and duties
22 vested in them under this Act.

23 “(5)(A) The Secretary of Health and Human Serv-
24 ices shall make available to the Managing Trustee and the
25 Board of Trustees, from the personnel, facilities, and serv-

1 ices of the Department of Health and Human Services,
2 such secretarial, clerical, technical, and other assistance
3 as may be necessary or appropriate to the performance
4 of their duties.

5 “(B) The Secretary of Health and Human Services
6 and the Secretary of the Treasury shall make available
7 to the Managing Trustee and the Board of Trustees such
8 information and data held by their Departments as may
9 be necessary or appropriate to the performance of the du-
10 ties of the Managing Trustee and the Board of Trustees.

11 “(6) It shall be the duty”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) FEDERAL HOSPITAL INSURANCE TRUST
14 FUND.—Section 1817(b) of such Act is amended—

15 (A) in the seventh sentence, by redesignat-
16 ing paragraphs (1), (2), (3), and (4) as sub-
17 paragraphs (A), (B), (C), and (D), respectively,
18 and

19 (B) by striking “(b) With respect to” and
20 all that follows through “It shall be the duty”
21 in the seventh sentence and inserting the follow-
22 ing:

23 “(b)(1) With respect to the Trust Fund, there is
24 hereby created a body to be known as the Board of Trust-
25 ees of the Trust Fund (hereinafter in this section referred

1 to as the ‘Board of Trustees’). The Board of Trustees
2 shall be composed of—

3 “(A) the individuals serving as members of the
4 Board of Trustees of the Federal Old-Age and Sur-
5 vivors Insurance Trust Fund and the Federal Dis-
6 ability Insurance Trust Fund under section
7 201(c)(1)(A), and

8 “(B) the Managing Trustee of the Social Secu-
9 rity Trust Funds (hereinafter in this section referred
10 to as the ‘Managing Trustee’) appointed under sec-
11 tion 201(c)(2).

12 The Managing Trustee shall serve as Chair of the Board
13 of Trustees. The Commissioner of Social Security shall
14 serve as Secretary of the Board of Trustees. The Board
15 of Trustees shall meet not less frequently than once each
16 calendar year. The Managing Trustee and the other mem-
17 bers of the Board of Trustees shall serve under this sub-
18 section without compensation in addition to compensation
19 received for their service under section 201(c).

20 “(3) It shall be the duty”.

21 (2) FEDERAL SUPPLEMENTARY MEDICAL IN-
22 SURANCE TRUST FUND.—Section 1841(b) of such
23 Act is amended—

24 (A) in the seventh sentence, by redesignat-
25 ing paragraphs (1), (2), (3), and (4) as sub-

1 paragraphs (A), (B), (C), and (D), respectively,
2 and

3 (B) by striking “(b) With respect to” and
4 all that follows through “It shall be the duty”
5 in the seventh sentence and inserting the follow-
6 ing:

7 “(b)(1) With respect to the Trust Fund, there is
8 hereby created a body to be known as the Board of Trust-
9 ees of the Trust Fund (hereinafter in this section referred
10 to as the ‘Board of Trustees’). The Board of Trustees
11 shall be composed of—

12 “(A) the individuals serving as members of the
13 Board of Trustees of the Federal Old-Age and Sur-
14 vivors Insurance Trust Fund and the Federal Dis-
15 ability Insurance Trust Fund under section
16 201(c)(1)(A), and

17 “(B) the Managing Trustee of the Social Secu-
18 rity Trust Funds (hereinafter in this section referred
19 to as the ‘Managing Trustee’) appointed under sec-
20 tion 201(c)(2).

21 The Managing Trustee shall serve as Chair of the Board
22 of Trustees. The Commissioner of Social Security shall
23 serve as Secretary of the Board of Trustees. The Board
24 of Trustees shall meet not less frequently than once each
25 calendar year. The Managing Trustee and the other mem-

1 bers of the Board of Trustees shall serve under this sub-
2 section without compensation in addition to compensation
3 received for their service under section 201(c).

4 “(3) It shall be the duty”.

5 (c) EFFECTIVE DATE AND TRANSITIONAL RULES.—

6 The amendments made by this section shall take effect
7 on the date of the enactment of this Act, except that the
8 Secretary of the Treasury shall continue to serve as Man-
9 aging Trustee of the Social Security Trust Funds and the
10 members of the Board of Trustees under sections 201(c),
11 1817(b), and 1841(b) of the Social Security Act (as in
12 effect immediately before such date) shall continue to
13 serve as the members of such Boards, until the date on
14 which all individuals initially appointed under section
15 201(c) of such Act (as amended by this section) take
16 office.

17 **SEC. 3. INVESTMENT OF THE SOCIAL SECURITY TRUST**

18 **FUNDS PURSUANT TO ANNUAL INVESTMENT**

19 **PLAN.**

20 (a) FEDERAL OLD-AGE AND SURVIVORS INSURANCE

21 TRUST FUND AND FEDERAL DISABILITY INSURANCE

22 TRUST FUND.—Section 201(d) of the Social Security Act

23 is amended by striking “(d) It shall be the duty” and all

24 that follows through “Such investments” and inserting the

25 following:

1 “(d)(1)(A) It shall be the duty of the Managing
2 Trustee to invest amounts in the Trust Funds in such
3 manner and to such extent as is determined by the Manag-
4 ing Trustee to be in accordance with the annual invest-
5 ment plan submitted by the Board of Trustees pursuant
6 to this paragraph.

7 “(B) The Board of Trustees shall conduct a continu-
8 ing study and actuarial analysis of the status of the invest-
9 ments made by the Managing Trustee pursuant to this
10 subsection, and, on the basis of such study and analysis
11 shall, on or before August 1 of each calendar year, formu-
12 late and submit to the President and each House of the
13 Congress an investment plan to govern the investments
14 of the Trust Funds during the fiscal year beginning with
15 October 1 of such calendar year. The Board of Trustees
16 may, from time to time thereafter, submit amendments
17 to the annual investment plan in the manner in which
18 original annual investment plans are submitted, except
19 that each such amendment shall not be effective before
20 60 days after its submission.

21 “(C) Each annual investment plan shall set forth
22 standards governing the investment and disinvestment of
23 the Trust Funds which are appropriate to ensure that the
24 insurance program under this title will to the maximum
25 extent possible fulfill its intended purposes and meet the

1 needs for which it is designed in a fiscally and actuarially
2 sound manner, without being influenced or characterized
3 by budgetary or fiscal considerations irrelevant to the
4 Trust Funds or by partisan or political considerations.
5 Such plan shall be accompanied by any recommendations
6 of the Board of Trustees regarding the investment of the
7 Trust Funds, including appropriate technical legislative
8 language for any necessary modifications in the provisions
9 of this title relating to matters covered by such
10 recommendations.

11 “(D) The annual investment plan submitted to each
12 House of the Congress (and any amendment thereto), to-
13 gether with accompanying recommendations of the Board
14 of Trustees, shall be incorporated in a special message to
15 each House. Such message shall be delivered to the Clerk
16 of the House of Representatives if the House of Rep-
17 resentatives is not in session and to the Secretary of the
18 Senate if the Senate is not in session. Each such message
19 shall be printed as a document for each House.

20 “(E) For purposes of making investments under this
21 paragraph, obligations may be acquired (i) at original
22 issue at the issue price, or (ii) by purchase of outstanding
23 obligations at the market price.

24 “(2) The purposes for which”.

1 (b) FEDERAL HOSPITAL INSURANCE TRUST
2 FUND.—Section 1817(c) of such Act is amended by strik-
3 ing “(c) It shall be the duty” and all that follows through
4 “The purposes for which” and inserting the following:

5 “(c)(1)(A) It shall be the duty of the Managing
6 Trustee to invest amounts in the Trust Fund in such man-
7 ner and to such extent as is determined by the Managing
8 Trustee to be in accordance with the annual investment
9 plan submitted by the Board of Trustees pursuant to this
10 paragraph.

11 “(B) The Board of Trustees shall conduct a continu-
12 ing study and actuarial analysis of the status of the invest-
13 ments made by the Managing Trustee pursuant to this
14 subsection, and, on the basis of such study and analysis
15 shall, on or before August 1 of each calendar year, formu-
16 late and submit to the President and each House of the
17 Congress an investment plan to govern the investments
18 of the Trust Fund during the fiscal year beginning with
19 October 1 of such calendar year. The Board of Trustees
20 may, from time to time thereafter, submit amendments
21 to the annual investment plan in the manner in which
22 original annual investment plans are submitted, except
23 that each such amendment shall not be effective before
24 60 days after its submission.

1 “(C) Each annual investment plan shall set forth
2 standards governing the investment and disinvestment of
3 the Trust Fund which are appropriate to ensure that the
4 insurance program under this title will to the maximum
5 extent possible fulfill its intended purposes and meet the
6 needs for which it is designed in a fiscally and actuarially
7 sound manner, without being influenced or characterized
8 by budgetary or fiscal considerations irrelevant to the
9 Trust Fund or by partisan or political considerations.
10 Such plan shall be accompanied by any recommendations
11 of the Board of Trustees regarding the investment of the
12 Trust Fund, including appropriate technical legislative
13 language for any necessary modifications in the provisions
14 of this title relating to matters covered by such rec-
15 ommendations.

16 “(D) The annual investment plan submitted to each
17 House of the Congress (and any amendment thereto), to-
18 gether with accompanying recommendations of the Board
19 of Trustees, shall be incorporated in a special message to
20 each House. Such message shall be delivered to the Clerk
21 of the House of Representatives if the House of Rep-
22 resentatives is not in session and to the Secretary of the
23 Senate if the Senate is not in session. Each such message
24 shall be printed as a document for each House.

1 “(E) For purposes of making investments under this
2 paragraph, obligations may be acquired (i) at original
3 issue at the issue price, or (ii) by purchase of outstanding
4 obligations at the market price.

5 “(2) The purposes for which”.

6 (c) FEDERAL SUPPLEMENTARY MEDICAL INSUR-
7 ANCE TRUST FUND.—Section 1841(c) of such Act is
8 amended by striking “(c) It shall be the duty” and all
9 that follows through “The purposes for which” and insert-
10 ing the following:

11 “(c)(1)(A) It shall be the duty of the Managing
12 Trustee to invest amounts in the Trust Fund in such man-
13 ner and to such extent as is determined by the Managing
14 Trustee to be in accordance with the annual investment
15 plan submitted by the Board of Trustees pursuant to this
16 paragraph.

17 “(B) The Board of Trustees shall conduct a continu-
18 ing study and actuarial analysis of the status of the invest-
19 ments made by the Managing Trustee pursuant to this
20 subsection, and, on the basis of such study and analysis
21 shall, on or before August 1 of each calendar year, formu-
22 late and submit to the President and each House of the
23 Congress an investment plan to govern the investments
24 of the Trust Fund during the fiscal year beginning with
25 October 1 of such calendar year. The Board of Trustees

1 may, from time to time thereafter, submit amendments
2 to the annual investment plan in the manner in which
3 original annual investment plans are submitted, except
4 that each such amendment shall not be effective before
5 60 days after its submission.

6 “(C) Each annual investment plan shall set forth
7 standards governing the investment and disinvestment of
8 the Trust Fund which are appropriate to ensure that the
9 insurance program under this title will to the maximum
10 extent possible fulfill its intended purposes and meet the
11 needs for which it is designed in a fiscally and actuarially
12 sound manner, without being influenced or characterized
13 by budgetary or fiscal considerations irrelevant to the
14 Trust Fund or by partisan or political considerations.
15 Such plan shall be accompanied by any recommendations
16 of the Board of Trustees regarding the investment of the
17 Trust Fund, including appropriate technical legislative
18 language for any necessary modifications in the provisions
19 of this title relating to matters covered by such rec-
20 ommendations.

21 “(D) The annual investment plan submitted to each
22 House of the Congress (and any amendment thereto), to-
23 gether with accompanying recommendations of the Board
24 of Trustees, shall be incorporated in a special message to
25 each House. Such message shall be delivered to the Clerk

1 of the House of Representatives if the House of Rep-
2 resentatives is not in session and to the Secretary of the
3 Senate if the Senate is not in session. Each such message
4 shall be printed as a document for each House.

5 “(E) For purposes of making investments under this
6 paragraph, obligations may be acquired (i) at original
7 issue at the issue price, or (ii) by purchase of outstanding
8 obligations at the market price.

9 “(2) The purposes for which”.

10 **SEC. 4. GREATER DISCRETION IN INVESTMENT OF THE SO-**
11 **CIAL SECURITY TRUST FUNDS.**

12 (a) FEDERAL OLD-AGE AND SURVIVORS INSURANCE
13 TRUST FUND AND FEDERAL DISABILITY INSURANCE
14 TRUST FUND.—Section 201(d) of the Social Security Act
15 (as amended by section 3 of this Act) is further amended
16 by striking the last sentence and inserting the following:
17 “The Managing Trustee may purchase such obligations
18 and other interest-bearing obligations, on original issue or
19 at the market price, and sell such obligations, if the Man-
20 aging Trustee determines that such purchase or sale is
21 in the public interest and in accordance with the annual
22 investment plan of the Board of Trustees.”.

23 (b) FEDERAL HOSPITAL INSURANCE TRUST
24 FUND.—Section 1817(c) of such Act (as amended by sec-
25 tion 3 of this Act) is further amended by striking the last

1 sentence and inserting the following: “The Managing
2 Trustee may purchase such obligations and other interest-
3 bearing obligations, on original issue or at the market
4 price, and sell such obligations, if the Managing Trustee
5 determines that such purchase or sale is in the public in-
6 terest and in accordance with the annual investment plan
7 of the Board of Trustees.”.

8 (c) FEDERAL SUPPLEMENTARY MEDICAL INSUR-
9 ANCE TRUST FUND.—Section 1841(c) of such Act (as
10 amended by section 3 of this Act) is further amended by
11 striking the last sentence and inserting in lieu thereof the
12 following: “The Managing Trustee may purchase such ob-
13 ligations and other interest-bearing obligations, on original
14 issue or at the market price, and sell such obligations, if
15 the Managing Trustee determines that such purchase or
16 sale is in the public interest and in accordance with the
17 annual investment plan of the Board of Trustees.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect October 1, 1993.

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