

News from Senator

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

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CONTACT: BILL KATS
(202) 224-6521

MOYNIHAN AMENDMENT WOULD BANKRUPT SOCIAL SECURITY TRUST FUNDS, DOLE SAYS

WASHINGTON -- An amendment to the tax bill by Senator Pat Moynihan (D-N.Y.) providing for interfund borrowing to attempt to solve Social Security financing problems would bankrupt two of the system's important trust funds within five years, Senate Finance Committee Chairman Bob Dole (R-Kan.) said today in Senate floor debate over the amendment.

"Senator Moynihan asks you to believe that his amendment providing six years of interfund borrowing will solve the short-term financing problems of the Social Security system," Dole said. "If that were the case, it would be news to the 1980 Board of Trustees, the 1981 Board of Trustees, the House Social Security subcommittee, and a substantial majority of the witnesses who testified before the Senate Social Security subcommittee last week.

"According to the 1981 Board of Trustees, unless the economy performs well, as much as \$60 billion to \$80 billion in excess of interfund borrowing could be required to meet benefit payments over the next five years alone. I'm not suggesting that the economy won't perform well, but as the American Academy of Actuaries testified in our hearings last week, the relative unpredictability of the economy makes it absolutely vital to finance the system so that it can weather economic downturns. In other words, a sound Social Security system requires more than a band-aid.

"Senator Moynihan is probably right to think that his amendment would be a popular amendment. Social Security is a popular program -- it is a vital program. The possibility of insolvency causes concern among present beneficiaries and those who are planning retirement. But this amendment is not only irrelevant to the pending tax legislation; it is irresponsible and would fail to meet Senator Moynihan's objective of re-assuring the American public. To bail out the old-age and survivors insurance (OASI) trust fund and ensure the level of reserves sought by Senator Moynihan, this amendment would actually bankrupt both the disability insurance and hospital insurance trust funds within five years. Lest I be accused of 'political terrorism,' let me explain.

"Under the Moynihan amendment, the old-age and survivors insurance trust fund would be authorized to borrow -- interest free -- from the disability insurance or the hospital insurance trust fund whenever its assets fell below three months worth of benefit payments. This borrowing would be authorized only for the OASI trust fund and only until the end of 1986. According to Robert Myers, deputy commissioner of Social Security, and past chief actuary of the Social Security Administration, this borrowing would totally deplete the disability and hospital insurance trust funds by 1985, even under Reagan economic assumptions. Under the 'worst case' assumptions, these two trust funds would be broke by the end of 1982. I'm fairly confident this was not the senator's objective -- bankrupting two trust funds to maintain reserves in the third.

"I appreciate the senator's concern for the well-being of the system and the people who depend on it. However, the unintended consequences of this amendment make it absolutely clear why trying to deal with the Social Security problem on the floor of the Senate, without a bill, in the middle of tax cut deliberations, is fool-hardy. Mistakes, possibly serious ones, can be made in the interest of re-assuring the public.

"As a member of the Social Security subcommittee, Senator Moynihan knows we have just completed three days of hearings on the Social Security financing problem and the alternatives before us. There are no simple answers. The problems are serious and the choices will be difficult. But we are committed to action -- not temporary or piecemeal action, but action that deals with the short- and long-term financing problems.

"The House has revealed its commitment to action, as well. Representative Pickle's subcommittee has held extensive hearings and is already marking-up a major Social Security financing package. Surely Senator Moynihan would not brand Chairman Pickle's efforts 'political terrorism.'

"Serious, well-intentioned people are attempting to deal with the financial problems of the Social Security system. I urge Senator Moynihan to join us in working out the best possible solution. And I urge my colleagues to defeat this amendment and allow Congress to continue the responsible process already underway."