

Senator Kent Conrad - Floor Statement - Tuesday Afternoon - 3/13/01
SOCIAL SECURITY AND MEDICARE OFF-BUDGET LOCKBOX ACT OF 2001

Mr. CONRAD. Mr. President, my amendment is designed to protect the Social Security trust fund and the Medicare trust fund. It has been called the Medicare-Social Security lockbox. That is a good description. It is designed to try to prevent these trust funds from being used for other purposes, from being used as we saw in the past for spending on other programs.

A quick description of what my amendment provides is the following:

First, it protects Social Security surpluses in each and every year;

Second, it takes the Medicare Part A trust fund off budget just as we have taken the Social Security trust fund off budget, again to try to protect it from being raided and used for other purposes;

Third, it gives Medicare the same protections as Social Security;

Fourth, it provides strong enforcement legislation and strong enforcement provisions to make certain that protections hold.

The alternative--the legislation that will be offered by my colleague, the Senator from New Mexico, chairman of the Senate Budget Committee--does not take Medicare off budget. It contains huge trapdoors for anything labeled "Social Security and Medicare reform."

In other words, they have a lockbox that leaks. They have a lockbox where the door is wide open. The money can be used for other purposes as long as they call it Social Security or Medicare reform. There is absolutely no definition of what constitutes Social Security or Medicare reform.

The proposal of my colleague does not add any new protections for Social Security and does not protect Medicare from sequester. This constitutes what I call the broken safe. The door is wide open to what my colleague from New Mexico is presenting.

Under the President's budget, not a penny is reserved for Medicare. In fact, the President takes the Medicare trust fund and puts it into a so-called contingency fund available for other purposes. In fact, as we have already heard, he went to my State and told folks there that if they need money for agriculture, go to the contingency fund. If people need money for defense, they are being told to go to the contingency fund. If they need more money for education, go to the contingency fund. If they need money for a prescription drug benefit that really delivers something, go to the contingency fund. That money is going to be spent four or five times over.

Some on the other side say: Look, there is no trust fund surplus in Medicare.

That is not what the Congressional Budget Office says. On page 9 of the "Budget Outlook," under the table "Trust Fund Surpluses," they start with Social Security. Then they go to Medicare. And they point out that Part A of Medicare has over a \$400 billion surplus. They point to Medicare Part B. And that is in rough balance over the 10 years of this forecast period.

Some on the other side say: Oh, there is a huge deficit in Medicare Part B; therefore, we should not worry about the surplus in Medicare Part A. I just say to them, the law does not say that. The actuaries do not say that. Medicare Part A is in surplus. Medicare Part B is in rough balance. There is no justification for taking the Medicare trust fund that is in surplus and moving that money into this so-called contingency fund that is available for other spending. That is precisely what will get us into financial trouble in the future.

I hope my colleagues will support having a protection mechanism for both the Social Security trust fund and the Medicare trust fund. It makes sense for the country, it makes sense for taxpayers, and it makes sense for

beneficiaries. Most of all, it makes fiscal sense. And that is what my amendment is all about: to wall off the Social Security trust fund and the Medicare trust fund so they cannot be raided for other purposes.

I thank the Chair and yield the floor.

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Mr. CONRAD. Mr. President, let me respond briefly and then we will have a chance to hear from the chairman of the Finance Committee.

Senator Domenici said Democrats voted against a lockbox last year. That is only part of the story. Democrats voted for the lockbox that passed on a bipartisan basis. We voted against one version of the lockbox that threatened, according to the Secretary of the Treasury, the ability of Congress to pay the national debt. Yes, we voted against the lockbox provision that threatened the good credit of the United States, but we supported the lockbox that protected Social Security and Medicare that passed on a bipartisan basis.

Second, the Senator says the House passed, by a huge margin, the lockbox he is offering. The House was not permitted to consider an alternative. This alternative, the one I am offering that passed the Senate last year, is far stronger.

Third, the Senator says we would take the Medicare Part A trust fund off budget. That is exactly right. We would treat it the same way we treat the Social Security trust fund to give it the full protection it deserves.

Finally, the Senator says we threaten Medicare reform and the ability to write a prescription drug benefit. That is not the case. My amendment creates a point of order against legislation that makes the trust fund less solvent, not more solvent. Medicare reform is intended to make Medicare more solvent, not less solvent. In addition, new spending for a drug benefit would not reduce the Part A surplus and, therefore, would not be subject to any point of order under my amendment.

This measure is not meant to defeat a tax cut or any other measure. It is designed to protect the Social Security and Medicare trust funds. This is what we voted for on a bipartisan basis last year. I hope we will do the same this year and say, whatever else we do, we are not going to raid the trust funds of Social Security and Medicare.

I yield the floor.

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Mr. CONRAD. Mr. President, I want to respond briefly to my colleague from Iowa who said a series of things that are just not so. He said this amendment is bad medicine for seniors. Come on. This amendment protects the Social Security trust fund, and it protects the Medicare trust fund. It prevents them from being looted and raided for other purposes. That helps seniors.

He says it suggests there is a trust fund surplus in Medicare. It doesn't just suggest it; there is one. This is from the Congressional Budget Office. It says very clearly there is \$400 billion in surpluses. The President's budget says \$500 billion in the Medicare trust fund.

The Senator from Iowa says you can't have a tax cut with this amendment. Nonsense. You can have a tax cut with this amendment. This only says don't raid Social Security, don't raid Medicare. The only way it endangers a tax cut is if their intention is to raid Social Security and Medicare to pay for one.

Now, finally, Senator Grassley has the plan I have talked about being all mixed up. He has taken the \$2.9 trillion dedicated for reduction of the publicly held debt and he added that to the \$900 billion that is reserved for strengthening Social Security for the long term and says all of that money is designed to deal with short-term debt. Wrong. That is just wrong. The \$2.9 trillion is to eliminate our short-term debt. The \$900 billion is to deal with long-term debt. Unfortunately, they have not set aside any money to deal with long-term debt.

This amendment is simple. It is designed to protect the trust funds of Social Security and Medicare against raids for other purposes.

I yield the floor.

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Mr. CONRAD. Mr. President, the argument of my colleague from New Mexico that somehow we are going to be paying big premiums to foreign debtholders has nothing to do with my provision here. My provision protects the trust funds of Social Security and Medicare against raids for other purposes. If you save the Social Security and Medicare trust funds in that way, there is no cash buildup problem until the year 2010--2010.

If the issues the Senator from New Mexico addresses become a problem, we have a lot of time to deal with it. You can save every penny of these trust funds and not have any of the problems he talked about, at least until the year 2010. Many of us believe we will never have them.

Mr. President, what is this amendment about? It is very simple: It says we are going to provide the same protection to the Medicare trust fund that we provide the Social Security trust fund. It says we are going to provide additional protection to the Social Security trust fund so that this Congress can't go back to the bad old days of raiding every trust fund in sight to pay for other purposes. That is what we used to do. We have stopped that practice. Let's make certain it doesn't start again. Let's protect the trust funds of Social Security and Medicare. It is the fiscally responsible thing to do.