THE MEDICARE AND SOCIAL SECURITY TRUSTEES

(Prepared by the Democratic Staff of the Committee on Ways and Means 4/20/06)

BACKGROUND: There are six trustees for the Medicare and Social Security Trust Funds. The trustees serve both programs and issue annual reports on the status of the Trust Funds and programs. Four trustees serve automatically through their cabinet positions – the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of the Treasury and the Commissioner of Social Security. Two are public trustees, both of whom cannot be from the same political party.[1] The Secretary of the Treasury is the "managing trustee."

The role of the public trustees is not merely to sign a completed report, but to be involved throughout the year-long process of developing economic and demographic assumptions, overseeing methodologies, and preparing their own statement in connection with the release of the reports.

The public trustees are nominated by the President for a four-year term, subject to Senate confirmation. Historically, the White House consults with the leaders of each party in the Senate to determine the nominees.

Prior to President Bush's unprecedented recess appointment, public trustees have never served more than one term.

Public trustees were created by the Social Security Amendments of 1983, based on recommendations by the National Commission on Social Security Reform. When confirming the first public trustees in 1984, Senators Robert Dole (R-KS) and Patrick Moynihan (D-NY), who were the Chairman and Ranking Member of the Senate Finance Committee at the time, spoke on the Senate floor about the importance of public trustees in ensuring the confidence in management and oversight of the Trust Funds, particularly in developing the demographic and economic assumptions for the cost estimates that form the core of each report.[2] Without public trustees, only ex-officio political members of the Administration guide the report's development.

Public trustees Tom Saving and John Palmer were first appointed in 2000; while they signed the 2005 reports, their term technically expired with the 2004 reports.

According to the statute, the reports are technically due April 1. However, they have come out as early as mid-March and as late as June. In 1990, the reports were released without public trustees because they had not been confirmed.

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[1]section 201(c) of the Social Security Act

[2]See Congressional Record - Senate (September 28, 1984), page 27793. According to Senator Dole, "*It was the Commission's belief that ...[including individuals from outside the executive branch would enhance] the confidence in the integrity of the trust funds and in the investment procedures used by the trustees.*" According to Senator Moynihan, two public members "*would inspire more confidence in the investment procedure and would help assure that the demographic and economic assumptions for the cost estimates of the future operations of the program would continue to be developed in an objective manner.*"