

107TH CONGRESS  
1ST SESSION

# H. R. 166

To strengthen and protect Social Security.

---

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. ROYCE introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To strengthen and protect Social Security.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security  
5 Strengthening and Protection Act of 2001”.

6 **SEC. 2. INVESTMENT OF THE FEDERAL OLD-AGE AND SUR-**  
7 **VIVORS INSURANCE TRUST FUND AND THE**  
8 **FEDERAL DISABILITY INSURANCE TRUST**  
9 **FUND.**

10 (a) IN GENERAL.—Section 201(d) of the Social Secu-  
11 rity Act (42 U.S.C. 401(d)) is amended—

12 (1) by inserting “(1)” after “(d)”;

1           (2) by striking “Such investments may be made  
2           only” and inserting the following: “Except as pro-  
3           vided in paragraphs (2) and (3), such investments  
4           may be made only”;

5           (3) by striking the last sentence; and

6           (4) by adding at the end the following new  
7           paragraphs:

8           “(2)(A) As of the end of each fiscal year, the Man-  
9           aging Trustee shall determine—

10           “(i) the surplus (if any) in the total budget of  
11           the Government of the United States, and

12           “(ii) the total amount of the Trust Funds then  
13           invested in obligations issued pursuant to paragraph  
14           (1).

15           “(B) During the following fiscal year, the Managing  
16           Trustee shall purchase qualified investments, with  
17           amounts otherwise available in the general fund of the  
18           Treasury, at original issue or on the market, at a total  
19           cost equal to at least 90 percent of the surplus referred  
20           to in subparagraph (A)(i), except that such total cost may  
21           not exceed the total amount referred to in subparagraph  
22           (A)(ii).

23           “(C) Upon the purchase of qualified investments pur-  
24           suant to subparagraph (B), the Managing Trustee shall  
25           redeem, with such qualified investments, obligations which

1 have been issued pursuant to paragraph (1) and are held  
2 by either of the Trust Funds. Such qualified investments  
3 shall be held by the Trust Fund until liquidation of such  
4 qualified investments is necessary to meet current with-  
5 draws or is otherwise determined by the Managing  
6 Trustee to be in the public interest.

7 “(D) Effective for fiscal years beginning after such  
8 time as all obligations issued pursuant to paragraph (1)  
9 and held by the Trust Funds have been redeemed with  
10 qualified investments pursuant to subparagraph (C), the  
11 Managing Trustee shall invest only in qualified invest-  
12 ments such portion of each Trust Fund as is not, in his  
13 judgment, required to meet current withdrawals.

14 “(E) The Managing Trustee shall exercise his author-  
15 ity under this paragraph solely for the benefit of the bene-  
16 ficiaries under the old-age, survivors, and disability insur-  
17 ance program under this title.

18 “(3) For purposes of paragraph (2)—

19 “(A)(i) The term ‘qualified investment’ means a  
20 marketable interest-bearing obligation of the United  
21 States, purchased on original issue or at the market  
22 price, which meets the requirements of clause (ii).

23 “(ii) An obligation referred to in clause (i)  
24 meets the requirements of this section if such  
25 obligation—

1           “(I) has a maturity fixed with due regard  
2           for the needs of the Trust Funds,

3           “(II) bears interest at a rate at least equal  
4           to the average market yield (computed by the  
5           Managing Trustee on the basis of market  
6           quotations as of the end of the calendar month  
7           next preceding the date of purchase) on all  
8           marketable interest-bearing obligations of the  
9           United States then forming a part of the public  
10          debt which are not due or callable until after  
11          the expiration of four years from the end of  
12          such calendar month, and

13          “(III) is subject to an option to redeem  
14          such obligations at any time at the purchase  
15          price.

16          “(B) The term ‘total budget of the United  
17          States Government’ means all spending and receipt  
18          accounts of the United States Government that are  
19          designated as on-budget or off-budget accounts.

20          “(4) The preceding provisions of this subsection shall  
21          be subject to such reforms of the old-age, survivors, and  
22          disability insurance program under this title as may be  
23          provided in legislation enacted after the date of the enact-  
24          ment of the Social Security Strengthening and Protection  
25          Act of 2001.”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply with respect to fiscal years begin-  
3 ning on or after October 1, 2002.

4 **SEC. 3. PROTECTION OF THE SOCIAL SECURITY TRUST**  
5 **FUNDS FROM THE PUBLIC DEBT LIMIT.**

6 (a) PROTECTION OF TRUST FUNDS.—Notwith-  
7 standing any other provision of law—

8 (1) no officer or employee of the United States  
9 may—

10 (A) delay the deposit of any amount into  
11 (or delay the credit of any amount to) the Fed-  
12 eral Old-Age and Survivors Insurance Trust  
13 Fund or the Federal Disability Insurance Trust  
14 Fund or otherwise vary from the normal terms,  
15 procedures, or timing for making such deposits  
16 or credits, or

17 (B) refrain from the investment in public  
18 debt obligations of amounts in either of such  
19 Trust Funds,

20 if a purpose of such action or inaction is to not in-  
21 crease the amount of outstanding public debt obliga-  
22 tions, and

23 (2) no officer or employee of the United States  
24 may disinvest amounts in either of such Trust  
25 Funds which are invested in public debt obligations

1 if a purpose of the disinvestment is to reduce the  
2 amount of outstanding public debt obligations.

3 (b) PROTECTION OF BENEFITS AND EXPENDITURES  
4 FOR ADMINISTRATIVE EXPENSES.—

5 (1) IN GENERAL.—Notwithstanding subsection  
6 (a), during any period for which cash benefits or ad-  
7 ministrative expenses would not otherwise be payable  
8 from the Federal Old-Age and Survivors Insurance  
9 Trust Fund or the Federal Disability Insurance  
10 Trust Fund by reason of an inability to issue further  
11 public debt obligations because of the applicable  
12 public debt limit, public debt obligations held by  
13 such Trust Fund shall be sold or redeemed only for  
14 the purpose of making payment of such benefits or  
15 administrative expenses and only to the extent cash  
16 assets of such Trust Fund are not available from  
17 month to month for making payment of such bene-  
18 fits or administrative expenses.

19 (2) ISSUANCE OF CORRESPONDING DEBT.—For  
20 purposes of undertaking the sale or redemption of  
21 public debt obligations held by the Federal Old-Age  
22 and Survivors Insurance Trust Fund or the Federal  
23 Disability Insurance Trust Fund pursuant to para-  
24 graph (1), the Secretary of the Treasury may issue  
25 corresponding public debt obligations to the public,

1 in order to obtain the cash necessary for payment of  
2 benefits or administrative expenses from such Trust  
3 Fund, notwithstanding the public debt limit.

4 (3) ADVANCE NOTICE OF SALE OR REDEMP-  
5 TION.—Not less than 3 days prior to the date on  
6 which, by reason of the public debt limit, the Sec-  
7 retary of the Treasury expects to undertake a sale  
8 or redemption authorized under paragraph (1), the  
9 Secretary of the Treasury shall report to each House  
10 of the Congress and to the Comptroller General of  
11 the United States regarding the expected sale or re-  
12 demption. Upon receipt of such report, the Comp-  
13 troller General shall review the extent of compliance  
14 with subsection (a) and paragraphs (1) and (2) of  
15 this subsection and shall issue such findings and rec-  
16 ommendations to each House of the Congress as the  
17 Comptroller General considers necessary and appro-  
18 priate.

19 (c) PUBLIC DEBT OBLIGATION.—For purposes of  
20 this section, the term “public debt obligation” means any  
21 obligation subject to the public debt limit established  
22 under section 3101 of title 31, United States Code.

○