

Opening Statement of Charles P. Blahous

Nominee to be Member of the Boards of Trustees of the Federal Hospital Insurance Trust Fund, the Federal Supplementary Medical Insurance Trust Fund, the Federal Old Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund

U.S. Senate Committee on Finance

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Thank you, Mr. Chairman, Senator Grassley, and members of the Committee. It is a great honor to be nominated to serve as one of the two public trustees for Social Security and Medicare. In my case, this proceeding is particularly humbling, having served here in the Senate as staff for eleven years – most recently for Senator Judd Gregg and before him for Senator Alan Simpson. I certainly never imagined that one day I would be facing the Senate Finance Committee from this side of the table and in this context.

I would like to begin by thanking Senator Gregg for introducing me today, and for his support throughout my professional career. The many things I learned from Senator Gregg, and the guidance and example he provided to me, have been instrumental in my being here today.

I would like to thank President Obama for the great honor of placing my nomination before the Senate.

I would like to thank Senate Minority Leader McConnell for the trust he placed in me in putting my name forward for this important position.

I would also like to thank my wife Jill and my daughter Juliana, who unfortunately could not be here today, for their constant support and many sacrifices for my career in public service. I have been very fortunate to have my family always by my side with each new challenge.

The Social Security and Medicare programs are perhaps the most important domestic programs the Federal government has ever established. Their fiscal soundness is central to the economic security of millions of Americans today and in the future. The Social Security and Medicare trustees play an indispensable role in equipping the Congress and the Administration with the information required to enable these vital programs to function as desired.

Having served as staff first in the Senate and later in the White House, I have been given many opportunities to study these programs and the fiscal challenges facing them. When Senator Simpson was appointed in 1993 to the bipartisan Commission on Entitlement and Tax Reform, I was required to learn Social Security and Medicare financing to perform his staff work there. When I later worked for Senator Gregg, I staffed his co-chairmanship of the National Commission on Retirement Policy, bringing me deeper into these issues. In 2001, I served as Executive Director for President Bush's Commission to Strengthen Social Security. This meant that I had served as staff on three bipartisan commissions in less than a decade.

Each of these bipartisan commission experiences not only provided me with progressively deeper understanding of the fiscal challenges facing Social Security and Medicare, but also

provided me with valuable experience in utilizing the combined insights of bipartisan teams of analysts. In that work, I was fortunate to learn much from the able non-partisan career staff who serve our various scorekeeping agencies, in particular the Social Security Administration.

The Social Security and Medicare trustees' primary role is to provide the best available fiscal information and thus provide for appropriate accountability to policy makers and to the broader public. The public trustees' positions were created as a part of the comprehensive Social Security reforms of 1983, to maintain public confidence that these important programs' finances were being persistently reviewed by bipartisan outside observers.

While forecasting is an imperfect science, and none of us possesses a crystal ball, I believe that the trustees' work to date has been consistent with the ideals of accountability and objectivity, and has operated within the finer traditions of public service. Were I to receive the honor of being confirmed by the Senate, the trustees' process would be joined by a longtime believer in its propriety and quality.

Each year, the trustees must make assumptions about trends in fertility, longevity, worker productivity, price inflation (specifically in the case of Medicare, health care cost inflation), immigration, real wage growth, and other relevant variables, both in the long-term and in the short-term. Public confidence in the trustees' projections rests in large part on whether these assumptions are regarded as reasonable and objective.

To assist in realizing this ideal, the trustees' process draws from various expert sources both inside and outside – including the career staff of the offices of the Social Security Actuary and CMS Medicare Actuary, technical panels periodically convened by the Social Security Advisory Board, other analysts such as those at the Congressional Budget Office, and many others.

While no such process can ever claim to achieve perfect results, my observations over the years have given me an abiding respect for the ethic by which the trustees' work is conducted. The trustees' projection methodology should continually be subject to review and improvement – but the ethic of the projection process has in my judgment served the public well, and reflects enormous credit upon Congress for having established it.

If confirmed, I would look forward to contributing to the best of my ability to the trustees' process, and to maintaining public confidence in these vital reviews of Social Security and Medicare program finances.

Thank you.