

**NOMINATIONS OF SHIRLEY S. CHATER,  
MAURICE B. FOLEY, AND JUAN F. VASQUEZ**

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**HEARING**

BEFORE THE

**COMMITTEE ON FINANCE  
UNITED STATES SENATE  
ONE HUNDRED FOURTH CONGRESS**

FIRST SESSION

ON THE

NOMINATIONS OF

SHIRLEY S. CHATER, TO BE COMMISSIONER OF SOCIAL SECURITY;  
MAURICE B. FOLEY, TO BE JUDGE, U.S. TAX COURT; AND JUAN F.  
VASQUEZ, TO BE JUDGE, U.S. TAX COURT

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FEBRUARY 16, 1995

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# CONTENTS

## OPENING STATEMENTS

	Page
Packwood, Hon. Bob, a U.S. Senator from Oregon, chairman, Committee on Finance .....	1

## CONGRESSIONAL WITNESSES

Hutchison, Hon. Kay Bailey, a U.S. Senator from Texas .....	1
Tejeda, Hon. Frank, a U.S. Representative from Texas .....	2
Jacobs, Hon. Andrew, Jr., a U.S. Representative from Indiana .....	4

## ADMINISTRATION NOMINEES

Chater, Dr. Shirley, to be Commissioner of Social Security .....	5
Foley, Maurice, to be a Judge on the U.S. Tax Court .....	19
Vasquez, Juan F., to be a Judge on the U.S. Tax Court .....	20

## ALPHABETICAL LISTING AND APPENDIX MATERIAL SUBMITTED

Chater, Dr. Shirley:	
Testimony .....	5
Letter from Senator Packwood, dated March 2, 1995 .....	23
Letter to Senator Packwood, dated March 28, 1995 .....	25
Responses to questions from Senator Packwood .....	27
Biographical .....	36
Letter to Senator Packwood from Stephen D. Potts, Director, Office of Government Ethics, dated January 25, 1995 .....	51
Letter to Senator Packwood from Jack M. Kress, Special Counsel for Ethics and Designated Agency Ethics Official, Department of Health and Human Services, dated January 18, 1995 .....	52
Letter to Stephen D. Potts from Jack M. Kress, dated January 18, 1995 ...	53
Resume .....	57
Foley, Maurice:	
Testimony .....	19
Biographical .....	60
Hutchison, Hon. Kay Bailey:	
Testimony .....	1
Prepared statements .....	64
Jacobs, Hon. Andrew, Jr.:	
Testimony .....	4
Packwood, Hon. Bob	
Opening statement .....	1
Tejeda, Hon. Frank:	
Testimony .....	2
Vasquez, Juan F.:	
Testimony .....	20
Biographical .....	65

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**THURSDAY, FEBRUARY 16, 1995**

**U.S. SENATE,  
COMMITTEE ON FINANCE,  
Washington, DC.**

The hearing was convened, pursuant to notice, at 11:02 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Bob Packwood (chairman of the committee) presiding.

Also present: Senators Moynihan, Graham, Moseley-Braun, Simpson, and D'Amato.

**OPENING STATEMENT OF HON. BOB PACKWOOD, A U.S. SENATOR FROM OREGON, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. The committee will come to order, please. We have an unusual order today. We were going to have introductions of some of the people we will consider later on for confirmation, but two of the Congressmen who were going to be here have just left for a vote, Congressman Jacobs and Congressman Tejada, and they hope to be back. I see Congressman Tejada is back.

Congressman TEJEDA. I voted and came right over.

The CHAIRMAN. Oh. Well, if you'll come to the table, and we will have you introduce Juan Vasquez in just a moment.

We will take Senator Hutchison, who is going to introduce Shirley Chater.

**STATEMENT OF HON. KAY BAILEY HUTCHISON, A U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Yes. Thank you, Mr. Chairman. I certainly appreciate this opportunity to reintroduce you to my friend, Shirley Chater. I wholeheartedly endorse her nomination to continue the work that she is doing as Commissioner of Social Security.

I first met Shirley well before she came to Washington when she was the President of Texas Womens' University and really did a phenomenal job at that wonderful university in Denton, Texas. And from there she was appointed to the position that she now holds, and, as you know, that position has been elevated to the commissioner of a now independent agency.

I would just say that I will put my statement in the record about Shirley.

[Senator Hutchison's prepared statement appears in the appendix.]

Senator HUTCHISON. I think she is one of the finest appointees in this administration, or any administration. She has taken on a job for an agency that is one that really affects everyone's life in America and she understands the importance of that security in retirement years for all of the American working people.

So, I think she is going to do a great job of making sure that the office is run well, that it responds to the people that have problems, and responds to Congress to make sure that she is doing the job that we want done in efficient management of this very important administration.

So, I wholeheartedly endorse her nomination. I think she is doing a fine job and I know she will continue to do a fine job. I hope we will reconfirm her very quickly so that she can put all of her attention into doing the very important job that she has been selected to do.

The CHAIRMAN. Thank you very much for coming, Senator. I do not have any questions of you.

Senator Graham, do you have any?

Senator GRAHAM. No, questions, Mr. Chairman. I had an opportunity to meet the nominee yesterday and was very impressed with her vision for the agency, and I think America will be very well-served by her leadership.

The CHAIRMAN. Thank you. We will excuse Dr. Chater for the moment because we are going to hear the panel first.

Senator Moynihan has some questions he wants to ask and he is going to be in at about 10:30. I don't think we will be done with the panel by then.

Congressman, I apologize. I saw Andy Jacobs outside and he said, we have got a vote, so I assumed you had all left to go vote. But I am delighted that you have already voted and you are here to introduce Mr. Vasquez.

**STATEMENT OF HON. FRANK TEJEDA, A U.S.  
REPRESENTATIVE FROM TEXAS**

Congressman TEJEDA. Thank you very much, Mr. Chairman. As a matter of fact, I was leaving my office when they called for the vote, so I voted and got over here.

I am honored today, Mr. Chairman, to introduce to you Mr. Juan F. Vasquez, a distinguished tax attorney from my home town of San Antonio. You could not have before you a better candidate to serve our country as a Federal Tax Court judge.

Mr. Vasquez's life is one of humble origins, overcoming obstacles and blazing new trails. He was one of the first Hispanic attorneys in Texas to receive certification in tax law from the Texas Board of Legal Specialization and, if confirmed by the Senate, I am told that he will be the first Hispanic on the Tax Court.

After graduating from a vocational school in San Antonio, he worked his way through junior college, gaining admission to and a degree from the University of Texas at Austin. He graduated in the top 10 percent from his law school class at the University of Houston and later received a Master of Law from New York University.

In solo practice for the past 6 years, Mr. Vasquez has tried cases before the Tax Court and earlier served as a trial attorney in Houston for the Internal Revenue Service.

His other work experience reflects his varied talents and background. As a certified public accountant, he worked for a major firm as a financial auditor. Before that, while in school, he delivered telegrams for Western Union and spent his youthful summers picking cotton in North Texas under the guidance and care of his migrant farm worker grandparents.

From them he gained a strong work ethic and a respect for education. Married, with two children, Mr. Vasquez has devoted time and energy to professional organizations in his community, an example of excellence in hard work and dedication. Mr. Vasquez is eager to serve us all as a Tax Court judge. Mr. Chairman, I commend him to you and to the members.

Mr. VASQUEZ. Thank you, Congressman.

The CHAIRMAN. Congressman, thank you very much. We do not have any questions of him now. Senator Hutchison, do you want to say anything about Mr. Vasquez?

Senator HUTCHISON. Yes. I would just like to add my support for Mr. Vasquez for the Tax Court. I will just say that I think he really personifies America. As Congressman Tejeda mentioned, he did take himself by the boot straps and lift himself up and I admire him very much. I have had a number of letters from friends of mine asking me to support him, and I do wholeheartedly. I do want to mention that he has with him today his wife, Terry, and he has two sons. The oldest is a freshman at the University of Texas at Austin, and I am told the second one will also eventually go to the University of Texas at Austin.

Frankly, Mr. Chairman, I think that is a very important thing for you to know because the University of Texas at Austin is the university in Texas, my alma mater as well. I am not sure Mr. Tejeda will agree with me, but, nevertheless. This is a point of internecine warfare in Texas.

Seriously, we are really proud of him and I am glad to add my support for Mr. Vasquez.

The CHAIRMAN. Thank you very much.

Mr. VASQUEZ. Thank you, Senator.

The CHAIRMAN. Congressman, you must have sprinted both directions to get over there and vote and back here at this time.

Congressman JACOBS. I think, Mr. Chairman, that I follow the edict of not knowing whether I am coming or going. This is the Congressional process.

The CHAIRMAN. We are delighted to have you back with us to introduce Dr. Chater.

Senator HUTCHISON. Excuse me. Mr. Chairman, I am going to leave. I have another hearing. But I would like to submit my statements for the record on both Shirley Chater and Juan Vasquez, which go more into detail.

The CHAIRMAN. Without objection.

Senator HUTCHISON. Thank you.

[The prepared statements of Senator Hutchison appear in the appendix.]

Congressman TEJEDA. Mr. Chairman, if I may be excused also.

The CHAIRMAN. I understand Congressman.  
 Congressman TEJEDA. Thank you very much.  
 The CHAIRMAN. Go ahead. You are on.

**STATEMENT OF HON. ANDREW JACOBS, JR., A U.S.  
 REPRESENTATIVE FROM INDIANA**

Congressman JACOBS. Mr. Chairman, I am pleased to have the opportunity to sit beside Shirley Chater and sing her praises. I have served for some time on the Social Security Subcommittee of the Ways and Means Committee of the House of Representatives and I have served long enough to have served with quite a number of Social Security Commissioners.

She, along with one in the Bush Administration, those two are the best, I think, that I have ever served with. Lincoln said, "I shall prepare myself and when the time comes I shall be ready," and this lady's vitae shows an enormous amount of preparation, particularly in administration.

In my view, the best administrator, the best commanding officer in the military, is the one who has gone through a lot of training and has not lost his or her common sense. That is not always easy, but certainly this lady has accomplished that.

The Disney people have a management training program down in Florida and large corporations send their officers there to learn new techniques of efficient and effective management.

One that caught in my mind was in the Disney World where they have the uniformed monitors, or whatever you call them, ushers, on the campus there. They have strict rules to enforce: do not do this, do this, keep an eye on the tourists, make sure that nothing goes wrong.

But they also have another layer of management dressed, you might say, in mufti in tourist clothes, the silliest shirts they can find. Their job is to do nothing more than tell the monitors when there is a common sense exception to the rules.

I mean, here goes a lady toward a rest room and somebody says, I am sorry, but that is for personnel only. Well, she happens to be pregnant. And someone with a little bit of common sense on the next layer of management does not say a word, just snaps his finger and goes like that, and the uniformed person automatically knows that this is an exception to the rule.

So, the administrator of the Social Security system cannot do a lot to reform the system without the cooperation of the Congress and the President changing fundamental rules, but you can do—and she has done—what I have just described.

She has instructed her staffs, all the way down to the lowest level, not to belabor the obvious. And, with that, a significant part of the delay in hearings in consideration of Social Security disability applications, the notorious problem nagging at the Social Security system, has been diminished.

So, I come here filled with praise for my sisters and brothers in this body from the other body, and even more praise on this occasion for Dr. Shirley Chater, who surely will go down in history as one of the finest public officials of any stripe. There is not much partisan about Social Security except for people who will stoop in politics to accuse one another of not being for it; everybody is.

So, I think she is ideal and I thank you for the opportunity to testify.

The CHAIRMAN. There is a similar expression that Fran Tarkenton, the great football quarterback, once used when he said, "The key to this game is discipline and drill, and knowing your fundamentals so well that you never make a mistake, and then knowing when to lay them aside and the one time in 100 use imagination. It is the difference between talent and greatness."

Congressman JACOBS. Thank you, sir.

The CHAIRMAN. Thank you, Congressman, for coming.

The committee will come back to order, please, and I would ask those who are leaving to leave now so that we can have order and get started.

Dr. Chater, we will take you, first, if you want to come up. Dr. Chater has already been introduced. Senator Hutchison was here to introduce her.

I think we are ready for your statement.

#### **STATEMENT OF DR. SHIRLEY CHATER, TO BE COMMISSIONER OF SOCIAL SECURITY**

Dr. CHATER. Thank you, Mr. Chairman. It is a pleasure to be with you today. I must tell you, it is an honor to come before you once again as the President's nominee to serve as the Commissioner of Social Security.

I would like to begin with a few words of appreciation, first, to my two Texas Senators. Senator Gramm, who wanted to be here this morning to make some introductory comments and was not able to be here, to Senator Hutchison for her remarks which you heard, and I also want to extend my thanks to Congressman Jacobs for joining me this morning and for his words of support.

I would also like to thank members of this committee who took the time from schedules to meet with me individually prior to this hearing. I found it very useful to listen to your views and your ideas about Social Security and I deeply appreciate the encouragement and support that you have given to me.

Now, let me begin my testimony, Mr. Chairman, by assuring you and assuring at the same time the American people that the Social Security Administration is prepared and ready for its new status as an independent agency. On March 31st we will be ready to meet the challenges that lie ahead.

The new independent Social Security Administration will be an agency built on the foundations of greater stability, greater visibility, and greater accountability to the American people. I am ready, I am eager, to lead the Social Security Administration into this new chapter in its very proud history.

When I became Commissioner of Social Security 16 months ago, I felt privileged to lead an agency that affects the well-being of over 48 million people. The awesome sense of responsibility in administering a program of such magnitude and such importance to so many is a feeling, of course, that I still have today.

But, with the privilege of administering the Social Security Administration comes challenges, and the challenges the agency faces today are as difficult as any that have confronted SSA during its

nearly 60-year history. As the median age of our Nation increases, Social Security's work expands.

In the fiscal year 1996 budget just submitted, we point out that Social Security's beneficiary rolls will increase by more than 700,000 people that year. That upward trend will only intensify as the baby boom generation moves into retirement in the years ahead.

Claims for disability benefits have increased at unprecedented rates. Calls come into the agency's 800 number at the rate of 64 million per year, and earnings records are posted for 141 million working Americans. Demand for service, service that is quicker, more efficient, are escalating at a time when the government is also trying to become leaner.

Over the course of 16 months I have made a series of decisions regarding these service demands. These decisions have been aimed at reshaping the Social Security Administration into an agency that works more efficiently, that utilizes technology wisely, that meets growing demands for service. I visualize a Social Security Administration that, no matter how large we become, we can provide service that is friendly, efficient, swift, accurate, and compassionate.

Disability, as you know, has been the most difficult issue that we have confronted in fiscal year 1989. For example, SSA received nearly 1.6 million disability claims, but last year, fiscal year 1994, that number had grown to more than 2.6 million, a more than 60 percent increase in just 5 years.

The ramifications of this growth commanded my attention immediately upon arriving at SSA. I saw the strain that disability case-loads placed on agency resources, I saw cases that the agency could not process in a timely manner, and I saw longer waiting times for claimants.

In studying the problem, I believed that we could improve the situation by reinventing the claims process. We could replace a process that was too fragmented, too inefficient, and too slow. We have taken two important steps to solve this problem.

First, we have made immediate gains by investing in short-term initiatives to improve the disability claims processing and the results are positive. Processing times are no longer getting longer, they are getting shorter.

When I arrived at the Social Security Administration in fiscal year 1994, the average processing time for an initial disability claim was 97 days. In fiscal year 1996, it will be down to 62 days.

Second, we are re-engineering or radically redesigning the disability process. This effort will result in fewer steps needed to process a claim, fewer people handling each claim, quicker and more accurate decision making, and more efficient service to those who apply for disability benefits.

I want to add that we are also intensifying efforts to ensure that the only people who receive disability benefits are those who are eligible for them by law. The year before I was appointed to this position, the Social Security Administration performed less than 116,000 continuing disability reviews. Our proposed fiscal year 1996 budget establishes, for the first time ever, a line item for dis-

ability reviews and calls for sufficient funding to conduct 431,000 reviews.

Improved customer service also involves enhanced public access to Social Security. We are achieving that in several ways. Later today I will have the pleasure of joining you, Senator Moynihan, and Secretary Shalala in a press conference announcing the start of a multi-year effort to provide Personal Earnings and Benefit Estimate statements to tens of millions of American workers.

This year alone we will send 9 million statements to persons age 60 and over who are still working and are not yet receiving Social Security benefits. By the year 2000, we will have them in the hands of over 123 million working citizens over the age of 25.

I also made the decision to devote the additional resources to improve SSA's telephone service. We are enhancing telephone access by making more efficient use of existing personnel and facilities.

Through automation, for example, we were able to expand the productivity of one of our data processing centers, enabling it to do its own work as well as that of two other centers. That made it possible for us to begin transferring approximately 400 of our employees into telephone service, answering incoming 800 number calls.

Well, there are a number of other initiatives that have brought major improvements to the agency. We have rewritten a majority of our letters, the letters we send to beneficiaries, to make them more readable and understandable.

We have improved conditions in our inner city offices to ensure that our employees and our customers can conduct business in safety and comfort.

We have hired more bilingual and multi-lingual employees to serve an increasingly diverse population, and we are reducing supervisor to employee ratios by 50 percent and placing a greater proportion of SSA employees into direct customer service positions.

Mr. Chairman, as important as these steps are, we must also continue to look to the future. SSA has had a long-term strategic plan that has frequently been called one of the best in government, and we have just released our general business plan that provides in detail a 5-year blueprint for the agency.

We are in the midst of a 5-year, \$1.1 billion automation investment plan that, when completed, will enable us to place intelligent work stations on the desks of our field office employees.

With these tools which will link field offices to each other and to SSA's central records, services will become faster and more efficient, while maintaining the highest level of quality.

And, while I am discussing the future, I would like to share a few thoughts with you about a question that is very much on the minds of today's young and middle-aged workers. That is, will Social Security be there for them when they retire in the 21st century?

We do not, as some have suggested, have a Social Security program that is in fiscal crisis at this time, neither, though, do we have a situation about which we should be satisfied or complacent.

According to the most recent report by the Social Security Board of Trustees, there will be sufficient funds in the Social Security reserves to pay benefits until the year 2029, 34 years from now.

So, while we do not have an imminent crisis, we do owe it to today's younger families and to future generations to start determining now how we will extend Social Security's life span farther into the 21st century and beyond.

A privately-sponsored survey of 1,100 non-retired Americans conducted in 1994 found that the public is divided between loyalty and deep skepticism toward Social Security.

Now, some of this skepticism can be attributed to the fact that only 21 percent of the survey's respondents believe that they have a good understanding of how Social Security works.

I believe strongly that we need to engage and involve the American public in a nationwide discussion about the future of Social Security. We need to educate the public about Social Security, how the system works, how it is self-financed, and the financial protection that it offers to them. We need to have candid discussions about the system's future.

We need to lay out the options that will enable us to strengthen Social Security's long-term solvency and hear from the American people what changes they would be willing to accept and support, and then we need to move forward with proposals to strengthen and solidify the system.

Providing that public education and engaging the public in that essential discussion will be one of my highest priorities as Commissioner of the independent Social Security Administration.

Protecting the public's trust and investment in Social Security is the greatest responsibility I have as Commissioner, and to fulfill that responsibility I pledge to do everything within my power to assure citizens of all ages that Social Security will not let them down.

In these efforts, I look forward to working with each of you, with your colleagues in both Houses, and with the administration. The Social Security program has always enjoyed broad-based bipartisan support and I will do everything I can to maintain our close partnership on behalf of the program and the people it serves.

On March 31st, Mr. Chairman, we begin a new chapter in SSA's history. The change will make a more stable, a more visible, more accountable institution. But one thing will not change, however, and that is our pledge—and here I speak on behalf of the 65,000 SSA employees as well, those who work for Social Security—to say to you that we will fulfill our responsibilities to the working men and women who look to Social Security to help safeguard their financial future. This is our pledge as an agency, and it is my commitment as Commissioner.

Thank you very much.

The CHAIRMAN. Doctor, it is a disappointing statement.

Dr. CHATER. I am sorry, I did not hear you.

The CHAIRMAN. It is a disappointing statement. You are talking about computers and the number of days it takes to do disability claims, and you say there is no problem. The gasoline has already been poured, the match has not been struck, and you say, we have to have a conversation with the public. What do you suggest we do? What is going to be your leadership, not how many computers are you going to have. What do you suggest?

Dr. CHATER. When I referred to establishing the public's confidence in the program, enhancing perhaps would be another word, I say that based on my experience in visiting our field offices.

The CHAIRMAN. All right. You say we need to lay out the options that will enable us to strengthen Social Security's long-term solvency. What are they?

Dr. CHATER. I think there are packages of options, sir.

The CHAIRMAN. Tell us.

Dr. CHATER. We can look at, for example, the retirement age, we can look to see what kinds of adjustments we make in the formula that calculates the Social Security benefit.

The CHAIRMAN. What do you suggest?

Dr. CHATER. I am not prepared to suggest to you today any specific variable or combination.

The CHAIRMAN. Why?

Dr. CHATER. What I am suggesting is that we study a series of options so that we might work with Congress and the administration to say, here is a package of options, perhaps five or six changes to be made in these variables that go into making the determination of benefits.

The CHAIRMAN. You know this subject backwards and forwards and you have no suggestions to give to us?

Dr. CHATER. I cannot give to you today a specific suggestion because I think what we need to do is discuss the varieties of ways to make the long-term solvency fix the problem.

The CHAIRMAN. All right. Tell me the ways. What are our options?

Dr. CHATER. I want to ask our administration, our Congress, and our staff at Social Security to talk about the various options and for Social Security to take a proactive role in looking at those ways to be sure that we do not adversely affect population groups we now serve.

The CHAIRMAN. Doctor, you are an independent agency now, or you soon will be. You do not have to look to the administration. You are free to speak on your own. What are the options that you are talking about?

Dr. CHATER. I am talking about all of the options that go into making up the decision about who gets what kind of benefits and how much. And here we are talking about all of the options that have been discussed by the American public, by Congress, by everyone. Those options include, perhaps, increasing the retirement age, perhaps—

The CHAIRMAN. Do you recommend that?

Dr. CHATER. I am not here to recommend to you any one specific proposal, Senator, because it seems to me we have to look at a variety of options and how those options go together in a package to see what the total would look like before we make that decision.

The CHAIRMAN. That is the best you can do for us?

Dr. CHATER. I think it is the wise thing to do at this moment in time.

The CHAIRMAN. We may or may not soon pass a balanced budget amendment. Should Social Security be on the table?

Dr. CHATER. Social Security is a self-financed program, has always been a self-financed program. It has never contributed, that

I know of, to the deficit. I would like to think about and talk about Social Security outside of the context of a balanced budget.

The CHAIRMAN. All right. At the moment you are running a surplus. You are investing in government bonds because that is all you are allowed to invest in. Around the year 2010 to 2012 you will have someplace between \$2.5 trillion to \$4.5–\$5 trillion in government bonds, depending upon the inflation.

At that stage you start to pay out more money than you are taking in and you are going to have to redeem the bonds and we are going to have to pay to redeem them because we will have spent the money now. It is gone.

It is a larger negative each year until finally, if the estimate is right—and I will tell you, I think it is way off—in the year 2029 you even run out of the bonds, you have no money left. If the current projections are right, you will then be paying out \$700–800 billion more than you are taking in. Then, indeed, you will not be self-financing and you will be a budget problem.

Now, how do we now address that issue?

Dr. CHATER. Even when, in the year 2029, we run out of funds, even then, the income from workers will take care of 75 percent of the people that we need to pay.

The CHAIRMAN. You are right. There will only be a \$700–800 billion shortfall. You will take in about \$2.2–2.3 trillion, and you will pay out about \$3 trillion.

Dr. CHATER. But that is what I am saying. We need to work now. We need to think together now about what kind of changes to make in the program so we can fix that.

The CHAIRMAN. That is what I am asking you, what kind of changes should we make? You will not give me any answers.

Dr. CHATER. We can consider all of the variables that others have talked about and see how they fit together in a package of change.

The CHAIRMAN. All right. Let me come back to my question again, because you are going to be a tremendous budget problem in the future. If we pass the balanced budget amendment, or if we do not pass it, should we consider the effect Social Security is going to have on the budget in the future, and should it be on the table in terms of budget priorities?

Dr. CHATER. We must consider Social Security in relation to the deficit because deficit reduction will put the Treasury in a better position to pay back its obligations to the Social Security Trust Fund as will be necessary in 2013. This administration is very supportive of deficit reduction.

Senator MOYNIHAN. Oh?

Dr. CHATER. Of deficit reduction. This administration is waiting to see how we would finance Social Security in relation to a balanced budget. How would we manage under a balanced budget and what effect would that have, what effect would these items have on the Social Security program are questions that have not yet been answered.

The CHAIRMAN. That is correct. We are looking for answers, and you are the leader in this in an independent agency. If we were to have the Chair of the International Trade Commission come here, or in the Commerce Committee, the Chair of the Federal Commu-

nication Commission and not give answers in their area to the kind of questions we are asking, it would be outrageous. You are just ducking it. You do not want to answer these questions. We need some advice from you, we need some leadership from you.

Dr. CHATER. I want very much to answer your questions, sir. I have asked our actuaries in the Social Security Administration, who have worked with these projections for many years, staff who are extraordinarily competent, to put together packages of options that we might, when we become independent, present to you, packages of options that we can discuss together because these packages of options will mean that we have to make choices, choices between and among raising the retirement age, doing means testing, eliminating the COLA or part of a COLA. I am simply not prepared to tell you today which of those are the best options or how they fit together so that they do not adversely affect particular population groups.

The CHAIRMAN. Senator Moynihan.

Senator MOYNIHAN. Thank you, Mr. Chairman. I have to say that I am troubled, as you are.

What troubles me most, and what is clearly on display, is the almost indifference of the present administration to Social Security. It was something that was enacted before they were born and, therefore, it does not seem to matter, or does not seem comprehensible, or does not seem contemporary enough to engage them.

Everything we are doing today or we are discussing today are initiatives taken by the Congress and by this committee, sir, in the face of indifference to or hostility by the administration.

The 103rd Congress created an independent Social Security agency, of which you are to be head. It was enacted August 15, 1994. It provided that, by October 14, a commissioner would be nominated. We received your nomination January 5. It provided that there would be an advisory board, and terms would begin October 1, 1994.

We have nominated some first-rate people. Lori Hansen and Carolyn Weaver were appointed by the Senate. In the House, former Representative Martha Keys and Pete Singleton were appointed. The administration has named nobody. Nobody. They could care less.

And we propose to give you, if confirmed, a 6-year term. That means you can come up here and say what you please, you do not have to check it out with OMB, or whatever. Yet we hear nothing.

One of the scandals that we came upon that this administration, to its credit, told us about was the problem of payment of Social Security benefits for domestic workers and baby-sitters, women who work by the day. Only one in five domestic workers were being covered by Social Security as employees were not making the required payments. I believe you, yourself, as you report very honestly in your letter to us, say that from 1969 through 1975 you did not pay Social Security taxes for a domestic employee.

Dr. CHATER. 1975. That is correct.

Senator MOYNIHAN. You know about them. And when you learned about them when you came here to Washington, you did what the typical American householder did in this regard.

The President lost his first nominee for Attorney General over this issue, was spared his second candidate for Defense Chief over this issue, but left everything else and acted as if it did not happen. We wrote the measure in this committee. Nobody in the administration thought it worthwhile.

You would be surprised out in the country how many people, when they learned of this, learned that, my God, what have they done, what did they owe the IRS, how much trouble they were in. The administration could care less.

The Personal Earnings and Benefit Estimate Statement—PEBES—was enacted in the 101st Congress, against the will of the Social Security Administration. I spent 15 years trying to get it enacted. They did not want anybody to know what they were getting, or they did not want anybody to check up on whether they were right.

You say that a privately-sponsored survey of 1,100 non-retired adults conducted in 1994 found that the public is divided between loyalty and deep skepticism?

Dr. CHATER. Yes.

Senator MOYNIHAN. Dr. Chater, a majority of non-retired adults do not think they will get Social Security.

Dr. CHATER. I understand that.

Senator MOYNIHAN. Well, why do you not say it? The majority think we are lying to them, taking the money and lying, not deep skepticism. Deep skepticism is one thing, thinking it is not going to happen another.

And you say we have sufficient funds in the Social Security reserves to pay benefits until the year 2029, 34 years from now. No, we do not. No, we do not. We have until 2010, or 2012, if you get lucky. Then the cash surplus disappears.

And already Social Security—I see my friend from Wyoming is ready to ask questions—is being referred to as an entitlement, along with food stamps and soybean crop supports. So the government does not act as, what my friend Dick Armev courageously refers to, the fiduciary for workers who contribute to the system. And we are going to have a ceremony in which we start sending out so people will know today about their estimated benefits. Is it going to be in the White House?

Dr. CHATER. No.

Senator MOYNIHAN. No, it is not going to be in the White House. Is the President playing golf with other ex-Presidents?

Dr. CHATER. It is going to be at a post office.

Senator MOYNIHAN. The President cannot make it.

Dr. CHATER. That is correct.

Senator MOYNIHAN. I think he is back in the White House, just five blocks away. Not a very promising beginning.

Thank you, Mr. Chairman. I am now through.

The CHAIRMAN. Senator Simpson.

Senator SIMPSON. Well, thank you, Mr. Chairman, and Pat. This is very difficult for you, I am sure, because it must feel like just a great Venus fly trap. And I am going to add to it because I have the greatest respect for you personally, and I enjoyed my visit with you the other day thoroughly, but there are some things that are just—you have too much institutional memory here.

Senator Moynihan and the Blue Ribbon Commission that saved the Social Security system from a group of vestigial leftovers called the Notch Babies of Wretched Excess, a group who ripped more out of the system that they ever deserved and received notoriety all over the United States as if they were in poverty. Ripped the system to pieces because the replacement rate, which is usually about 41-43 percent, went to 66 percent for those people.

And the national committee for—what is it, June Roosevelt's happy band still wandering the wilderness, are still talking about notch babies while the commission came out and said, forget it, it is over, there is nothing more to be plumbed, no more membership money to be obtained, nothing more to be done for notch babies. It would have been wonderful if you could have said, we hereby accept completely the recommendations of the Notch Baby Commission so at least we can put that monstrous myth to bed. That would have been a help.

You are going to head a completely independent agency. You do not have to pick up the phone and ask the President anything. You are going to get a 6-year term where they cannot poke your eyes out, nobody can get you.

And, for all my time here in 16 years I have seen the commissioners of both parties, Reagan, Bush, Carter, and now this President, completely ignore the reports of the trustees.

The trustees are not Reaganauts, wandering through the hills trying to do people in, the trustees are Lloyd Bentsen, who was Chairman of this committee, and Robert Reich, and Donna Shalala, who I think are very able people, and then the two civilians or citizens. And they told you and they told America that the system was going to be broke in the year 2029 and we moved up the doomsday date 7 years in 1 year. The decline will start in the year 2011 or 2012, if Pat is correct, and it will head for the bow-wows. We know that, the Entitlements Commission knew that, the American public have to find that out, and there is only one organ that can get that out, and that is you.

I did not vote to make you an independent agency because I just do not like it, but I can tell you, now that you are independent, the people of America have to know what is happening to this system and know, as we learned with the Entitlements Commission, when the group of young people presented us with a poll where 46 percent of them believe in UFOs and 25 percent of them believe there will believe there will be anything in the Social Security system, it is cynicism awash in the land.

And do you know why? Because they see senior citizens stand up at our town meetings and the recommendations of Bob Kerrey and Jack Danforth would not have affected anyone over 50. The town meetings are filled with people over 50 who are there to tell that they are being destroyed.

And they say the reason the reserves are so high is because of us, which is a true myth. The reason the reserves are high is because some poor soul, 30 years old, is paying more in Social Security than he is paying in income tax, and they are tired of it. You think of disruption.

So, while this administration messes around with Dr. Foster and all of the trivial things in the world as to what it all is, they have

left totally unaddressed 68 percent of the national budget, which is just sucking this away.

It ignored all of the recommendations of the Bipartisan Commission, which was to do something with the CPI, bring it up to speed, put it in a market basket that is real instead of still including typewriters in it, do not wait until 1984 to do something in 1995. That would have been a snap. That was a give-away.

Do something with affluence testing of COLAs. We are not talking about benefits. I do not want to hear another word from a senior citizen talking about a cut in their benefits. There is only one group talking about that. We are talking about a cut in the COLA of people earning \$50,000, or \$75,000 in retirement. We cannot even get that talked about. We are talking about modifying the internal calculation of COLAs, not talking about benefits. Now, those are some of the things.

And I have gone too long, and I wish I had not been on the Entitlements Commission, but that is the sole reason I came here other than serving with people I greatly admire, and Pat and I have served on committees together for 16 years, and Bob and I have known each other long before.

Last year we transferred money from the Retirement Fund. We reallocated money from the Retirement Fund to the Disability Trust Fund, and we do not even know how much it was. And the reason we did it is because the other one was going broke. The American people still do not understand that. And if you cannot be the person that tells them to quit ignoring the trustees' report, to finally listen to what is going to happen to this system, then it is all a sad, sad mission. So, I have not asked you a question, but I would like another round.

Dr. CHATER. May I respond?

Senator SIMPSON. Yes, please.

Dr. CHATER. I want to make it very clear that I want to be the person to do some of what you have suggested. I want to provide the leadership for the Social Security Administration, to move forward, to put these items on the table for discussion, to start a public education program so that the young people of this country and the elder Americans as well truly understand the social insurance program that it is, truly understand what the financial situation is, begin the dialogue that started with the Kerry Commission, continue the dialogue that will happen after we hear from the Advisory Council for Social Security whose report is due in June.

I want very much to provide the leadership and the vision for Social Security in the future and I would certainly welcome your ideas and your comments about how best to do that.

The CHAIRMAN. Lady Thatcher said the other day, "Consensus is the abdication of leadership." We want your leadership. We want your ideas. You are saying you want our input. We are now asking you, who will be the leader of this agency, to give us some ideas, and all we get is palaver. You know the answers. You have been there, what, 18 months?

Dr. CHATER. 16.

The CHAIRMAN. 16. You know the issues. You are sitting here and stonewalling us deliberately. You will not even give us the op-

tions. You will not say, should we raise the retirement age, or drop the COLAs, or whatever.

How much money was transferred from the Old Age Fund to the Disability Fund when we made that transfer?

Dr. CHATER. I am sorry, I cannot answer that.

[The following was subsequently received from Dr. Chater:]

Answer: We estimate that a total of about \$106 billion will be reallocated from the OASI trust fund to the DI trust fund during fiscal years 1995 through 1999. This amount includes \$14.2 billion that was transferred from the OASI fund to the DI fund in November 1994 to reflect the fact that the reallocation provision enacted in October 1994 was retroactive to January 1994. As a result of the reallocation the DI trust fund is projected to be solvent until 2015.

The CHAIRMAN. Well, I will make a bet as to what is going to happen. Medicare goes red in about 2001, and will probably go a year earlier unless I miss my guess. And what we will do to avoid the problem is make a transfer from the Old Age Fund to the Medicare fund, and we will drop that year, therefore, from 2029 to 2020 or 2015 and say, now we have enough money to take care of Medicare, and all we will have done is shifted the bonds from one fund to another. I will bet you a dime to a dollar that is what we will do if we do not have some leadership ahead of time to figure out what to do. You will not even tell us if you think it ought to be on or off the table in budget negotiations. What is the matter with you; who are you afraid of?

Dr. CHATER. Senator Packwood, I am not afraid of anyone. I am not an independent agency head until March 31. I want very, very much, as I have indicated before, to examine very carefully the options that the Kerrey Commission has brought to us, that Congressman Jacobs has brought to us.

The CHAIRMAN. In 16 months have you never examined these? Have you never known about these problems until Congressman Jacobs and the Entitlement Commission brought them to you? What have you been thinking about while you have been down there?

Dr. CHATER. For 16 months I have been thinking about Social Security, the administration of an agency with so very much to do, with few resources and the need to restructure and do our work better.

Indeed, I have been thinking about the policy aspects of our organization, how we might organize in order to put forth these policy decisions in a bipartisan manner so that we might all talk about them. I have been busy.

I do not mean to suggest that I do not have answers for you, but I have to tell you that I have not put together all of the recommendations to see how we might, in a balanced way, come up for some suggestions.

The CHAIRMAN. Senator Moynihan.

Senator MOYNIHAN. Mr. Chairman, I have no further questions. But I would like to say, simply to ask the Commissioner, as Senator Simpson observed, a very fine group of public persons made up the Commission on the Social Security notch issue. It was headed by Professor Campbell, Scotty Campbell, we call him.

It was a superb report, just a model of precision and clarity. Has there been any official occasion of any kind on which the report has been received by the Executive Branch?

Dr. CHATER. We have had an opportunity to say thank you to the Chair—

Senator MOYNIHAN. Did you write him a letter?

Dr. CHATER. [continuing.] At the White House with Secretary Shalala. That is the extent of it, I believe.

Senator MOYNIHAN. He was asked to the White House?

Dr. CHATER. I am sorry?

Senator MOYNIHAN. He was asked to the White House?

Dr. CHATER. Yes.

Senator MOYNIHAN. Did he meet with the President?

Dr. CHATER. Mr. Campbell. No, not to meet with the President.

Senator MOYNIHAN. Did he meet with the chef? Did the stewards in the White House mess meet him?

Dr. CHATER. I do not know.

Senator MOYNIHAN. Ms. Shalala, does she have a room in the White House where she meets people when she cannot find time for them in the Department of Health and Human Services? He was not received by the President.

Dr. CHATER. I—

Senator MOYNIHAN. Please do not say to us that he was asked to the White House and then make me drag it out of you that he did not meet with the President. There probably was a very smart looking gunnery sergeant out in front of the White House. What with one thing and another, I would just as soon meet that gunnery sergeant.

The CHAIRMAN. That is a term we use all the time. You say, "I talked to the White House yesterday," as if the White House talks to you somehow.

Senator MOYNIHAN. Good morning, gunny. He was not received by the President. The commission has not been received by the Secretary, as if to say their work, which was a superb piece of work, went unappreciated or was on a subject in which you would just as soon not be associated. I am sorry, Dr. Chater. You have to be more open with us.

Thank you, Mr. Chairman.

The CHAIRMAN. Alan, anything more?

Senator SIMPSON. Just, again, to indicate that you will be heading up the largest social insurance system in the world. And if the Social Security Administration was a private business and we all knew what was happening as we went to the board meeting, all of the people in charge would be fired. That is the curious thing.

If this were happening with the projection of long-term insolvency which begins in the year 2012, everyone would be sacked if you were in a board room. Now, we happen to be the board room for the board room for the United States dealing with—

Senator MOYNIHAN. And we might yet be sacked.

Senator SIMPSON. Yes. And we get sacked periodically by the most bizarre means, the ballot box. But the American people have to be educated as to the fact—and I think your sole responsibility is to educate the American public—about the horrendous problem that is 7 years closer to doom than we thought last year, and many

years closer than when we thought of it 15 years ago when the projection was, I think, the year 2060 or 2070.

The reserves build and the people out in the land say the reserves could hit \$2 trillion. They could, and they may probably will. I hope they will. But it will not matter what they do because the baby boomers, and when the hit comes in the year 2012, it will all begin to go into the bow-wows, and everybody knows it.

Everybody knows it. You know it, we know it, the Entitlements Commission knows it, OMB knows it, everybody knows it except the American people. They do not know it because we have town meetings and all they do is get up with these little pieces of paper and say, you guys are stealing from the Trust Fund and it is all my money in there. Nobody tells them that they begin from the beginning and they put in \$30 a year.

But I want to commend you on one thing, and I guess that is our work. Yesterday you began the mailing of 9 million statements to people in the United States who are 60 years old and over. I hope I do not hear from any of them, because they will not write after they get it.

Here is mine. It is very tattered, you see. It is almost shredded here. It looks like something I have been carrying in the tattered arm of my cape.

It shows how much Alan K. Simpson has paid into the Social Security system in his lifetime, \$5 the first year, Cody Bakery. I have told you that story. I put the pink stuff in the middle of the sweet rolls. That is why I have never eaten any of it again, ever. [Laughter.]

Senator SIMPSON. That was my job. It was made of sugar and Jello-paste or something. It was grotesque. And I put \$5 in, and the next year I put another \$5 in. Then I went to college and did not put in a nickel, because of working in the summers. Then I went into the Army and never put in a nickel. The first year of practicing law, \$42. That was a very poor year. My father took all the money; I was his partner. [Laughter.]

Senator SIMPSON. In 1960, a big year, \$216. There it is, all the way through an 18-year productive law practice and the most I ever put in was \$816 a year. I am 63 now. That is what the American people do not know. This is the phoniest system I have ever seen and nobody knows what is happening to it.

Then finally last year I got drilled \$3,500 on a salary of \$133,600. Here is what I get on the other side. If I had retired at 62 I get \$940 a month. That is more than I put in in any year for 25 years. If I wait till 65, I get \$1,035 a month, which is huge compared to what I put in. If I wait till 70, I get \$1,500 a month.

That is a self-employed person who was paying the maximum on the maximum taxable earnings, because there was a maximum taxable earnings where, you know, I did not have to pay Social Security on anything over \$16,500. Now, of course, I think the sky is the limit. It should be. So, now that is where we are.

At least 9 million Americans over 60 will be getting this, and that is heartening because if one of them whimpers after getting this I want to personally have their names. But I am sure that they will rush to the AARP with their ghastly situation then ex-

posed like, hey, I thought this was different than this, what has happened here, Simpson is crazy, when it is right.

So, this is your job. I do not see your job as anything but education, and how can you educate if you cannot tell us what you are going to tell them. You have been there for 16 months and know. I just was on the commission 9 months and I learned these things and could see what was happening, and I learned it from reading the trustees' report.

My final question is, how come every Commissioner has ignored and not told the American public about the trustees' report which is all there?

Dr. CHATER. We are going to tell the American people about the report. The trustees' report is now written in layman's language in a small publication that is readable and understandable. I plan to use it as one of the documents to tell the story, and I look forward to doing that just as quickly as possible.

I would also like to use this opportunity to say thank you to Senator Moynihan, who really is the person behind the PEB statement being mailed out, his persistence, and dedication to an idea. It is a very good one.

I really look forward to see if we can move this along more quickly than legislation prescribes because I do feel it is terribly important to educate the public and have these statements in the hands of the people we serve.

The CHAIRMAN. How long, Pat, did it take you to get the Social Security Administration to agree that these statements being sent out might be a good idea?

Senator MOYNIHAN. Thirteen years, sir.

The CHAIRMAN. Any other questions?

Senator SIMPSON. No. Thank you very much.

The CHAIRMAN. Pat?

Senator MOYNIHAN. No, thank you. Congratulations.

The CHAIRMAN. Thank you, Doctor.

Dr. CHATER. Thank you very much.

Senator SIMPSON. Thank you.

The CHAIRMAN. Thank you.

Now, if we can take Maurice Foley and Juan Vasquez, we will put you both up at the same time.

Senator MOYNIHAN. Mr. Chairman, may I note that the Foley children have been admirably quiet for the last 20 minutes.

The CHAIRMAN. I met them in the back room.

Senator MOYNIHAN. Unnaturally so.

The CHAIRMAN. I think both Mr. Foley and Mr. Vasquez have family here. Why do you not take just a moment to introduce them? Mr. Foley, who do you have?

Mr. FOLEY. All right. Starting on the far left I have my wife, Cassandra, and Nathan is in her arms. Next to her is my mother-in-law, Mrs. Lillian Green, and she is holding my 2-year-old daughter, Corrine. Next to her is my father-in-law, Mr. Ezekiel Green, and he is holding my 4-year-old son, Malcolm. And I also have my aunt, Genora Alberti, and a very close friend of mine, Felicia Chambers.

The CHAIRMAN. Welcome to all of you. Pat, as I recall, all of those toddlers now are supposed to have Social Security numbers.

Senator MOYNIHAN. And they all do. [Laughter.]

Senator MOYNIHAN. I expect they all do, do they not?

The CHAIRMAN. Mr. Vasquez?

Mr. VASQUEZ. Thank you, Mr. Chairman. This is my wife Terry, here.

The CHAIRMAN. Terry.

Mr. VASQUEZ. This is my law school Professor Ira Shephard from University of Houston.

The CHAIRMAN. Professor.

Mr. VASQUEZ. Our son, Jaime Vasquez.

The CHAIRMAN. Jaime.

Mr. VASQUEZ. And our son, Juan Vasquez, Jr.

The CHAIRMAN. Juan, good to see you.

Mr. Foley, why do you not go ahead first?

#### STATEMENT OF MAURICE FOLEY, TO BE A JUDGE ON THE U.S. TAX COURT

Mr. FOLEY. Mr. Chairman and members of the Finance Committee, for the last couple of days my friends and family have been asking me if I am nervous about this, and I have been confidently telling them no. I did not realize I actually was nervous until I saw you in the back room and called you Senator Moynihan. [Laughter]

Then I realized I was nervous. First and foremost, I thank my Lord and Savior, Jesus Christ, for blessing me with this unique opportunity. It is indeed an honor to be one of the President's nominees to sit on the United States Tax Court.

I also want to thank you, Mr. Chairman, and your superb staff for expeditiously scheduling and processing this nomination.

As you know, I spent 4½ years working as tax counsel on this committee. This challenging and rewarding experience was a very important part of my professional development. I learned a lot about tax policy and the tax legislative process during this period.

But, most importantly, as I observed and assisted this committee in its deliberations, I learned a lot about conscientious decision-making and prudence. Those are two skills that I think will serve me well on the court.

Over the course of my career I have had the privilege of working with three major players in the tax legislative and administrative process: the IRS, this committee, and the Treasury Department.

When I found out that the President was going to send my nomination up to this committee, one of the first people I called was my brother. I asked him what he thought about it, and his reply was rather amusing. He said, well, you started your career out at the IRS where you drafted complex regulations and made the Tax Code more complicated, and then you worked for Capitol Hill and the Treasury Department where you worked on a number of tax bills that increased a lot of taxes for a lot of people, and now you are going to be a judge. He said, finally you are going to have a job that will not make the family ashamed of you. [Laughter.]

Mr. FOLEY. I am still trying to determine whether that was a compliment.

Mr. Chairman, I view all government service as an honor and a privilege and, if confirmed by the Senate, I will work to the best of my ability to discharge my duties.

I thank you again for scheduling this hearing and I would be happy to answer any of your questions.

The CHAIRMAN. Thank you. We will take Mr. Vasquez, first.

**STATEMENT OF JUAN F. VASQUEZ, TO BE A JUDGE ON THE  
U.S. TAX COURT**

Mr. VASQUEZ. Thank you, Mr. Chairman and members of the committee. I am honored to have been nominated to the United States Tax Court. If confirmed, I will carry out my duties with diligence and fairness.

To be here at this moment is truly an American dream. After the death of our mother when I was 9, my brothers and I lived with my grandparents. They were migrant workers who followed the cotton crop in Texas and New Mexico. Every summer I, too, picked cotton. But, at the end of the summer, my grandfather, Don Jesus, would give the opportunity to go back to school to any of us children who wanted it.

Our family was very close. Although picking cotton was back-breaking work, my grandparents used that hard work as a lesson to instill the work ethic and the value of education in all of us.

For the past 17 years I have practiced tax law, always remembering my grandparents' lesson. First, I represented the Internal Revenue Service at the Houston office of District Counsel, then I represented taxpayers in private practice.

I have many people to thank, particularly my family and my teachers. I am grateful to my clients and friends who have assisted me, as well as the IRS staff people with whom I have worked. I am thankful to the many Senators and Representatives for their support, and to President Clinton for his nomination.

Thank you.

The CHAIRMAN. Gentlemen, I do not have any questions of either of you. Mr. Foley, we have known from service on this committee. I just think the Tax Court is lucky, and the country is lucky, to get the two of you. Your backgrounds are extraordinary.

They will be joining one of former counsels, John Colvin, down on the court who has been down there and says it is a wonderful place to work. But the two of you are extraordinary Americans and we are grateful that you are willing to accept these positions.

Senator Moynihan?

Senator MOYNIHAN. Mr. Chairman, I would simply affirm your view, but I do want to caution Mr. Foley on one point, which is that it is all very well to thank the Lord for your being nominated, and shortly you will be confirmed at the Tax Court, but remember, once anyone appears before you in the Tax Court, the Lord cannot help that person. [Laughter.]

Mr. FOLEY. I am aware of that.

Senator MOYNIHAN. Understand, sir, I have to have an affirmative action.

Thank you, Mr. Chairman. I congratulate the President and Secretary. I see our distinguished friend, Secretary Samuels, in the room and we congratulate the Treasury Department on the nominations.

The CHAIRMAN. I might say to the two of you, we did not have sufficient members here today to vote you out. I assure you, there

is no problem, and whatever plans you are making on arrangements for housing and moving, I think you can go ahead and continue your plans and we will vote you out as soon as we can.

Mr. VASQUEZ. Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Chairman.

The CHAIRMAN. Gentlemen, we are sorry to have kept you waiting so long. Thank you very much. We are adjourned.

[Whereupon, at 11:58 a.m., the hearing was concluded.]



# APPENDIX

## ADDITIONAL MATERIAL SUBMITTED

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### United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

March 2, 1995

The Honorable Shirley S. Chater  
Commissioner of Social Security  
Social Security Administration  
6401 Security Boulevard  
Baltimore, MD 21235

Dear Commissioner Chater:

On February 16, 1995, the Committee on Finance held a hearing on your confirmation as Commissioner of Social Security. At that time, you were asked several questions about the Social Security system. While I understand the nomination hearing can be rather intimidating, I feel that your statement and your answers to the committee's questions were inadequate and incomplete.

Therefore, before the Committee proceeds with a vote on your confirmation, I would like to give you a chance to respond to the following questions. Your response will be made available to all members of the Committee and will be placed in the hearing record.

1. In your testimony you talked about protecting the public's trust and investment in Social Security. What reforms do you propose to accomplish this goal?
2. In your testimony you said "we need to lay out the options that will enable us to strengthen Social Security's long-term solvency." Who is the we and the us you are talking about? What are the options? As the current Commissioner of the Social Security Administration, what options are you considering? Which option do you prefer?

3. In 1994, Congress had to reallocate a portion of the FICA tax from the OASI Trust Fund to the DI Trust Fund to prevent the disability fund from going bankrupt. So that it is not necessary again, what proposals are you considering to control the exploding disability program costs?
4. In 1983, when Congress first taxed Social Security benefits, it was done to keep the Old-Age Trust Fund solvent. In 1993, however, Congress increased the tax on Social Security benefits to keep the Medicare Trust Fund solvent until 2001. In 2001, it will be bankrupt. As a possible future trustee of the Medicare Trust Fund, what proposals are you considering to keep the Medicare Trust Fund solvent? Should Congress reallocate a percentage of the FICA tax from the OASI Trust Fund to keep the Medicare Trust Fund solvent past 2001? If not this, what?
5. Which recommendations, if any, of the Bipartisan Commission on Entitlement and Tax Reform do you support and why? Are there other options Congress should consider?
6. Which recommendations, if any, of the Simpson/McMillan/Goss alternative to the Bipartisan Commission's report do you support?
7. While the Social Security system is in surplus now, by the year 2029 the Social Security system will be paying out \$700 billion more than it will collect in income. What options should Congress consider to prevent the bankruptcy of the Social Security system? If not tax increases or benefit reductions, how do you suggest Congress make up the difference?
8. The bottom 400 entitlement programs will total about \$50 billion in 1995. The top four entitlement programs (Social Security, Medicare, Medicaid, and other retirement programs) plus interest will cost the Federal government about \$900 billion in 1995. By the year 2004, 67 percent of Federal spending will be spent on the top four entitlements plus interest. As Commissioner of the largest entitlement program, how do you suggest Congress balance the budget if Congress does not touch the top entitlement programs? Should Social Security be on the table for purposes of balancing the federal budget?

Having been on the job for 16 months, you should be aware of the critical issues that are facing the Social Security Administration. These are not new issues. By now, you should have thought these issues out thoroughly and should be ready with the answers.

I look forward to your response.

Sincerely,



BOB PACKWOOD  
Chairman



THE COMMISSIONER OF SOCIAL SECURITY  
WASHINGTON, DC 20310

March 28, 1995

The Honorable Bob Packwood  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

Thank you for the opportunity to respond to your questions regarding Social Security. Social Security has enjoyed a long history of bipartisan support, and I look forward to working with you and your Committee to ensure the success of the program for generations to come.

As you are aware, in 1994 the Social Security Trustees forecast that the Old Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds would not be exhausted until the year 2029. I refer to the Trustees forecast to make two important points: Social Security reforms should be designed to address long-term issues in the program and the current debate on the Federal Budget is not the best forum for dealing with these long-term issues. As the Trustees stated in their most recent report, the Social Security program is sound for many years to come. Any changes to the program should be designed to address the long-term operation of the program; an atmosphere where potentially rash and hasty decisions could be made should not be created when no short-term crisis exists.

Reforms of the Social Security program should be designed to ensure the program's adequacy for future generations. Social Security is not a short-term Federal deficit problem. Indeed, Social Security currently more than pays its own way. Reforms to the Social Security program should be made with the sole objective of strengthening the program over the long-term, not for achieving short-term budgetary goals.

This is not to say that reforms should be delayed until a crisis occurs--they should not. Any changes made in the program should occur well in advance of a crisis so that changes will be incremental and allow time for individuals to make necessary changes in their retirement plans. But as past successful efforts to reform the program have shown, changes should be made to improve the long-term standing of the program only after a

The Honorable Bob Packwood  
page 2

period of evaluation and bipartisan debate and discussion. As Senator Moynihan noted in 1983, the Greenspan Commission succeeded when "it sought the advice of experts and examined a wide variety of alternative approaches and developed a consensus about the size and nature of the problem." Senator Dole, in floor debate on the reform package in 1983, also made the point that the Commission's success was based on "recognizing that bipartisan consensus was essential. Opening up Social Security again to the partisan bickering of 1981 would have served no one's interest."

The Advisory Council on Social Security is reviewing a number of different proposals for improving the Social Security program and the new Social Security Advisory Board will also be looking at these important issues. It would be premature to endorse specific Social Security reform proposals at this time; rather I would prefer to work with Congress to help create an atmosphere where a bipartisan debate on the future adequacy of the proposals can occur. All of us with a role in this debate have found ourselves, far too often, bogged down trying to defend individual policy options. Opposition inevitably coalesces against individual issues and proposals and becomes counterproductive to the entire debate. It would make little sense for me to advocate individual options which only detract from helping to create an environment necessary for moving forward with meaningful reform. The Administration and Congress together need to establish a climate in which ideas to strengthen Social Security for the long term can be developed and considered without getting trapped into single issue skirmishes.

Again, thank you for the opportunity to respond to your letter. Answers to your specific questions are attached. I look forward to working with you to strengthen the Social Security program for future generations of Americans.

Sincerely,



Shirley S. Chater  
Commissioner  
of Social Security

Attachment

1. In your testimony you talked about protecting the public's trust and investment in Social Security. What reforms do you propose to accomplish this goal?

First, let me clarify what needs to be protected. The Social Security program in which the American people have invested their trust and their money is among the most popular and most effective government programs ever created. It maintains that popularity because it is a universal program of social insurance, a program in which virtually all Americans have a stake. Its universality enables us to have a system in which the revenues generated by working Americans provide the resources with which old age, survivors and disability insurance protection can be extended to every eligible citizen.

The program is effective because it has always embodied the principles of individual equity and social adequacy. The individual equity aspects of Social Security are that work brings access to benefits, and the level of earnings during one's working years determines the level of benefits eventually received. The social adequacy aspects of Social Security are displayed in replacement rates, meaning the percentage of a worker's earnings that Social Security benefits replace, and in the payment of benefits to workers' dependents. Those who worked for low wages during their working years receive higher replacement rates than high-income workers. It can also be said that the disability and survivors insurance programs reflect social adequacy, ensuring that people who suffer great misfortune are not left without income.

When I spoke in my testimony about protecting the public's trust and investment in Social Security, I was speaking of the Commissioner's leadership role in protecting these principles. I believe strongly that it is the Commissioner's responsibility to aggressively advocate and defend these defining characteristics of the program -- its universality, its individual equity, its social adequacy. To fulfill this duty is not so much a matter of advocating reforms of policy, as much as it is correcting the misconceptions and misunderstandings that exist regarding Social Security.

There are two primary ways in which I fulfill my responsibility to protect the public's trust. First, by speaking out clearly and forcefully against proposals that would undermine or weaken the basic principles upon which the Social Security program is based. I have done so repeatedly, for example, when various individuals and organizations have proposed that Social Security be subject to means testing. In speeches and interviews, I have made it clear that means testing would violate the fundamental principles upon which Social Security is based, that people who work and pay Social Security taxes will receive the benefits the program provides.

Second, one of the most important ways in which the Commissioner

page 2

can protect the public's trust and investment is through education. The Commissioner of Social Security, in order to maintain the public support that is critical to Social Security's long-term viability, must help skeptical citizens of all ages understand the value of the Social Security program to their lives and to the citizenry at large. Among young people, in particular, confidence in Social Security is very low. They see FICA taxes taken from their paychecks and fear they will not receive benefits, or will receive significantly less benefits than current beneficiaries. This creates a potentially dangerous situation. Already, some organizations that claim to represent young and middle-aged citizens are characterizing Social Security as a program that enriches the elderly by depriving the young. This concerns me greatly. Social Security has always been a model of intergenerational cooperation. It should not become the subject of intergenerational warfare. I do not want to see strife between generations undermine the effectiveness of a program that has kept more citizens out of poverty than any other in our country's history, and that has helped millions upon millions of people live their lives with independence and dignity.

I am working to help citizens of all ages understand the full spectrum of Social Security benefits -- retirement, disability, survivors insurance -- that protects young and old alike. By doing so, we can better protect the program's defining principles and the broad-based support that Social Security has historically enjoyed. This effort is absolutely necessary if we are to begin establishing a public consensus concerning the program's future.

2. In your testimony, you said "we need to lay out the options that will enable us to strengthen Social Security's long-term solvency." Who is the we and the us you are talking about? What are the options? As the current Commissioner of the Social Security Administration, what options are you considering? Which option do you prefer?

The "we" to which I was referring is the Congress and the Executive Branch, including the Social Security Administration. It is critical that this nation's leaders -- Republicans and Democrats, executive and legislative branches -- develop the trust and capacity to discuss Social Security in a productive, visionary, bipartisan manner. Senator Dole, in 1983, credited the success of the Greenspan Commission to the "willingness of the President and the Speaker of the House of Representatives to endorse the package and, in a bipartisan way, to remove politics, partisan politics from consideration of Social Security."

When I speak of the "we" who need to be able to assess Social Security openly and honestly, I am speaking of the President of the United States, the Majority and Minority Leaders of the U.S. Senate, the Speaker of the House and the House Minority Leader,

page 3

the Chairs and members of the Senate Finance Committee and the House Ways and Means Committee, the Commissioner of Social Security and other relevant Executive Branch officials. We need to be able to go together before the American people and discuss, in a bipartisan voice, what needs to be done to strengthen Social Security for the long term.

I have established as one of my primary goals as Commissioner the rebuilding of public confidence in Social Security. I directed that a comprehensive plan be developed to involve the Social Security Administration and several national advocacy organizations in a coordinated effort to raise the American people's awareness concerning Social Security, its value and its future.

The next step was the establishment of the Advisory Council on Social Security, which is currently working toward the scheduled summer release of its report. It is impossible to overstate the importance of the work being done now by the Advisory Council. No major reform of Social Security has ever taken place without being preceded by recommendations from the Advisory Council on Social Security or a similar bipartisan panel.

That was true nearly 50 years ago when the 1937-38 Advisory Council made recommendations that resulted in what is still the basic structure of the Social Security program, adding dependents and survivors benefits and making benefits more adequate. It was true approximately 45 years ago when the 1947-48 Advisory Council recommended changes, which became law in 1950, that made it clear Social Security would be a social insurance program rather than a welfare-type program. The recommendations included significant benefit increases, expanded coverage, and an extension of the program to include disability benefits.

It was true 30 years ago, when the 1965 Council recommended the creation of the Medicare program, and it was true 16 years ago when the 1979 Council, among other recommendations, suggested the taxation of Social Security benefits. And, of course, we know very well the historic accomplishments of the National Commission on Social Security Reform, the Greenspan Commission, in designing the recommendations that became the 1983 Social Security amendments passed by Congress. It is clear that citizens advisory councils have, since the inception of Social Security, played a critical role in the development of the program.

Working with Secretary Shalala, I made certain that the current Advisory Council is bipartisan and encompasses different viewpoints on Social Security (witness, for example, the participation of both Robert Ball and Carolyn Weaver, two of the nation's most renowned experts on Social Security, but with disparate views about the program). It also reflects demographic diversity -- its members ranging in age from 80 to the 25-year-

page 4

old mayor of Baldwin Park, California -- and a diversity of experience from labor, business, academia and government. It is a very capable Advisory Council, headed by Professor Edward Gramlich, director of the Institute of Public Policy Studies at the University of Michigan. He is a former Deputy Director and Acting Director of the Congressional Budget Office.

When I met with the Advisory Council members, I emphasized the importance of the primary task with which they are charged to focus on Social Security financing and to develop recommendations for improving the long-range financial status of the OASDI program.

Among the specific issues the Advisory Council is discussing are income distribution trends and the implications for retirement income security, adequacy and equity of Social Security benefits, the consumer price index and its effect on benefit adjustments, demographic issues concerning the baby-boom generation and beyond, and the Social Security Disability Insurance program. They also have two technical panels of experts, one reviewing the assumptions and methodology used to project the future financial status of the OASDI program, the other analyzing the relative roles of the public and private sectors in providing retirement income.

The Advisory Council is close to completing its work on these issues. At this point, the panel has finished compiling a list of possible options to rectify Social Security's long-range fiscal imbalance. Next the Advisory Council plans to arrange different combinations of options to achieve their desired objectives. This has been a very public process, involving open hearings in cities across the country. Senator Kerrey testified at these hearings, as did former Congressman Pickle. Many individuals and representatives of advocacy organizations have participated in the hearings. After the Advisory Council has finished its work, I look forward to discussing its findings and recommendations with you and your colleagues.

3. In 1994, Congress had to reallocate a portion of the FICA tax from the OASI Trust Fund to the DI Trust Fund to prevent the disability fund from going bankrupt. So that it is not necessary again, what proposals are you considering to control the exploding disability program cost?

Studies have been undertaken to fully understand the reasons for the increase in disability applications and awards. The early results of those studies suggest a number of reasons:

- 1) The recession of the early 1990s, as is historically the case with economic downturns, caused application numbers to jump;
- 2) The aging of our population, combined with decreasing mortality rates for people age 50 and over, has led to a significant

page 5

increase in the number of people who, because of age, are statistically more likely to suffer a disability; 3) court decisions and congressional mandates have had the effect of expanding eligibility for Social Security benefits; and 4) The public has a heightened awareness of the existence of Social Security disability insurance.

With respect to the reallocation of tax rates between the OASI and DI Trust Funds enacted last year, it is important to remember that, historically, reallocation of rates has been used to alleviate temporary funding problems encountered by the respective trust funds. In the 1977 Amendments, money was reallocated from OASI to DI to help resolve temporary financing problems encountered by DI in the late 1970s. On the other hand, in 1980 and again in 1983, funds were reallocated from DI to OASI to avoid depletion of the OASI Trust Fund. The important point to note is that Congress has always been flexible in shifting funds from one fund to the other as temporary solutions to problems.

We are taking steps to control the growth of the disability program. I am determined that disability program dollars should only go to those who meet the strict requirements of the law. If a person is no longer qualified for Disability Insurance benefits because they no longer have a qualifying impairment, then I want to be able to stop those benefits as quickly as possible. I know that, because of initial claim workloads and limited administrative resources, the Social Security Administration made a conscious decision in the early 1990s to limit the number of continuing disability reviews (CDRs) that were performed. And, in fact, SSA conducted an average of less than 70,000 per year during the 1991-93 period. Since I became Commissioner, we have stepped up the pace and will complete approximately 175,000 Title II CDRs in fiscal year 1995 alone. And for the first time in the agency's history, a line item of \$215 million has been added by the Administration to SSA's fiscal year 1996 budget establishing a minimum level of funding for continuing disability reviews. These funds will enable SSA to process approximately 430,000 continuing disability reviews in fiscal year 1996, which is almost triple the number of CDR's performed in fiscal year '94.

I am convinced that we can do more to help people who are able to work despite their impairments. It disturbs me that less than one-half of one percent of the individuals who receive Social Security Disability Insurance benefits ever leave the rolls to return to work. Recognizing the need to intensify our efforts to assist beneficiaries and applicants in making the transition from dependence to independence, I directed my staff to develop a proactive strategy aimed at increasing the employment of current and potential disability beneficiaries. Part of our initiative includes consultation with other Federal agency partners, members of the disability community, and outside experts to obtain broad

page 6

input on the problems and barriers people with disabilities face.

Our back-to-work strategy will likely revitalize our ongoing relationship with the State vocational rehabilitation agencies and other providers and, in so doing, dramatically increase the number of beneficiaries served by those agencies. Our goal is to aggressively expand opportunities for our consumers to receive employment services from other State agencies and private sector organizations. We will work to maximize the employment potential of young people with disabilities and simplify program policies for people who want to work.

We will benefit also from the work of the National Academy of Social Insurance. At the request of the House Ways and Means Committee, the Academy has convened a Disability Policy Panel, which is currently examining the relationship between income support policy and employment of people with disabilities. That panel's charge specifically calls for a review of the Social Security definition of disability and its effect on employment and receipt of benefits. The Social Security Administration has been working closely with the panel and will continue to do so.

4. In 1983, when Congress first taxed Social Security benefits, it was done to keep the Old-Age Trust Fund solvent. In 1993, however, Congress increased the tax on Social Security benefits to keep the Medicare Trust Fund solvent until 2001. In 2001, it will be bankrupt. As a possible future trustee of the Medicare Trust Fund, what proposals are you considering to keep the Medicare Trust Fund solvent? Should Congress reallocate a percentage of the FICA tax from the OASI Trust Fund to keep the Medicare Trust Fund solvent past 2001? If not this, what?

I certainly share your concern about the fiscal future of the Medicare Part A Trust Fund. That trust fund ended fiscal year 1994 with a surplus of close to \$130 billion but, according to estimates contained in the 1994 Medicare Trustees Report, it may become insolvent in the year 2001. Since that report was issued, estimates of Medicare Part A spending have been adjusted, and the Department of Health and Human Services is now projecting the insolvency date to be in 2002 or 2003. Needless to say, it is still a matter of great concern.

I believe very strongly that when Congress again takes up the issue of health care reform, special attention must be given to the fiscal state of Medicare. It is my sincere hope and expectation that it will be unnecessary to reallocate dollars from the OASI Trust Fund to the Medicare Trust Fund. I have every confidence that Congress will enact some form of health care reform legislation long before the year 2001 and that, as part of that legislation, the Medicare Trust Fund will be placed on more stable financial footing.

page 7

As someone who will become a Trustee of the Medicare Trust Fund, I take this responsibility very seriously. You can be assured that I will do everything within my power to ensure that the public's investment in the Medicare program is well protected by its Board of Trustees.

5. Which recommendations, if any, of the Bipartisan Commission on Entitlement and Tax Reform do you support and why? Are there other options Congress should consider?

and

6. Which recommendations, if any, of the Simpson/McMillan/Goss alternative to the Bipartisan Commission's report do you support?

Perhaps nothing illustrates more pointedly the difficulty in plotting the future of Social Security and Medicare than the fact that the Kerrey-Danforth Commission was unable to agree on a specific set of policy recommendations. I believe this commission served a very useful purpose in bringing the issue of entitlement reform, as well as reform of other mandatory spending programs, to the forefront of public attention. Its work serves as an important tool for other groups addressing these issues, including the Advisory Council on Social Security.

The Kerrey-Danforth proposals included, among other ideas, a reduction in benefit growth for middle-income and high-wage workers phased in over a 50-year period, and a mandatory requirement that workers make non-deductible contributions to Individual Retirement Accounts. The Simpson/ McMillan/Goss alternative included, among other ideas, a limitation on Social Security cost-of-living adjustments for those whose benefits are in the 20th percentile.

While the 32-member Kerrey-Danforth Commission did not make any policy recommendations per se, I do agree with a number of points made in the letter that a majority of Commission members signed to the President. For example, I agree that more of the American people should be involved in recommending policy solutions. I also agree that Social Security ought to balance its commitments with the funds available to honor those commitments. And I strongly concur with the premise of the Simpson/McMillan/Goss report that "entitlement programs should not be used as tools to resolve imbalances in other parts of the Federal budget". I apply that principle to the self-financed Social Security program. The Social Security program needs to be brought into long-term balance. It is unacceptable, though, to make changes in Social Security in order to make a contribution to reducing the general fund deficit, including deficits in other entitlement programs.

It became clear that the Kerrey-Danforth Commission was not going

page 8

to be able to agree on a specific set of policy recommendations as soon as the debate began to focus on individual policy ideas instead of a comprehensive package of proposals. This is the same problem we will face if I begin advocating individual policy options right now. In other words, before we even begin the process of educating the public and involving them in discussions of Social Security's future, opposition would coalesce against individual issues. Such single-issue politicking would be the harbinger of an unsuccessful effort to ensure the long-range stability of Social Security. The Administration and Congress together need to establish a climate in which ideas to strengthen Social Security for the long-term can be developed and considered.

In the broad principles the Kerrey-Danforth Commission adopted early in its process, it was said that the American people must be empowered to participate in developing satisfactory solutions. I enthusiastically share that view. I believe it will be difficult for Congress and the Administration to act effectively on the issues that must be confronted unless we develop a consensus among a well-informed public that decisive action is necessary. My priority has been, and continues to be, helping to develop an atmosphere that will lead us to that consensus.

7. While the Social Security system is in surplus now, by the year 2029 the Social Security system will be paying out \$700 billion more than it will collect in income. What options should Congress consider to prevent the bankruptcy of the Social Security system? If not tax increases or benefit reductions, how do you suggest Congress make up the difference?

Each year, the Board of Trustees produces three different long-range estimates for the Social Security program -- one based on optimistic assumptions about the future, one pessimistic, and one intermediate. The 2029 target date stems from the intermediate projection which, I believe, is the proper estimate to use for assessing the fiscal integrity of the program. But it should be stressed that the intermediate projection is just that, not a certainty but a projection, based on future trends and events, such as fertility rates, net immigration rates, productivity increases and other factors that are difficult to predict.

If we assume the intermediate assumptions are the closest of the three to being correct in projecting the future, then total outlays will exceed total non-interest income in the year 2013. Total income for the OASDI program, including interest to the Trust Funds, will continue to exceed total outgo until the year 2019. The Trust Fund will continue to grow until that year. After 2019, it will take another ten years to exhaust the accumulated Trust Fund. The public needs to understand that Social Security will not run out of money in the year 2029. Income will definitely continue but, without changes, it won't be

page 9

sufficient to maintain full benefit payments.

To ensure there is sufficient funding for the estimated 80 million people who will be receiving Social Security benefits in 2029, and to all future generations of American workers, we must take a comprehensive, bipartisan approach to any reform initiatives. We should consider all reasonable ideas, including your suggestion that the retirement age be phased upward to age 70. That is one of the many policy options being considered by the Advisory Council. Among the other ideas the Council is evaluating are: 1) extending the period over which average wages are computed; 2) investing a portion of the Social Security Trust Funds in passive indexed investments in private companies, thus improving the return Social Security receives; 3) raising the Social Security contribution rate by a small percentage; 4) applying the Social Security contribution rate to a greater portion of the earnings of those in high wage brackets; 5) reacting to any correction in the definition of the cost-of-living adjustment, such as that suggested by Federal Reserve Board chairman Alan Greenspan; 6) increasing the retirement age to a higher level than that called for in current law; 7) pushing up to an earlier date the point at which age 67 becomes the normal retirement age; 8) extending Social Security coverage to the one-third of state and local employees not currently included in the voluntary provisions in present law; 9) taxing the portion of Social Security benefits that exceed contributions a worker has made to the OASDI fund, and 10) reducing the bend points in the present benefit formula, which would result in future benefit levels not increasing quite as much as current law provides.

I do believe it is in our best interest to act well in advance of a crisis. If we wait until the eve of a crisis to enact changes it is likely that the adjustments would have to be more dramatic and painful. By acting before a crisis occurs we can restore confidence in the program for today's workers who would again have reason to believe that Social Security will be there for them when they retire.

Although we need to give the American public adequate lead time to prepare for any necessary changes in the program, we do not need to unnecessarily alarm them into thinking Social Security is on the imminent verge of bankruptcy. In fact, as you know, quite the opposite is true. I frequently point out to audiences that this year Social Security will take in \$399 billion and pay out \$336 billion. I also tell them that the surplus will continue to widen into the second decade of the next century. My message is that we need to always be thinking about the long-range issues facing Social Security, but we are not on the eve of a crisis.

8. The bottom 400 entitlement programs will total about \$50 billion in 1995. The top four entitlement programs (Social

page 10

Security, Medicare, Medicaid, and other retirement programs) plus interest will cost the Federal government about \$900 billion in 1995. By the year 2004, 67 percent of Federal spending will be spent on the top four entitlement programs plus interest. As Commissioner of the largest entitlement program, how do you suggest Congress balance the budget if Congress does not touch the top entitlement programs? Should Social Security be on the table for purposes of balancing the federal budget?

The question presumes that Social Security contributes to the budget deficit and must be "touched" in order to balance the budget. That simply is not the case. Social Security is, and always has been, a self-financed program. It more than pays its own way and is not a contributing factor to deficit spending. I agree with President Clinton's view that, in his words, "Social Security must be dealt with on its own terms." Reforms to the Social Security program should be made with the sole objective of strengthening Social Security, not achieving other short term budgetary goals. As Senator Moynihan said last year, "Cutting Social Security benefits would not actually address the underlying deficit problem -- it would just produce a larger surplus to help mask the problem."

#### OUTLINE OF INFORMATION REQUESTED OF NOMINEES

##### A. Biographical Information

1. Name: Shirley Sears Chater
2. Address: 5175 Macomb Street NW, Washington DC 20016
3. Date and Place of Birth: July 30, 1932; Shamokin, Pennsylvania
4. Martial Status: Widow (12/93)
5. Number and Ages of Children: Cris, daughter, 34; Geoff, son, 32
6. Education:

Hospital of the University of Pennsylvania, Philadelphia School of Nursing, 1950-1953, Diploma in Nursing, June 1953

University of Pennsylvania, Philadelphia, 1953-1956, B.S., Nursing, June 1956

University of California, San Francisco, 1957-1960, M.S., Nursing, June 1960

University of California, Berkeley 1960-1964, Ph.D., Education, June 1964

Massachusetts Institute of Technology, Sloan School of Management, Senior Executive Program, 1982, Certificate, November 1982

##### 7. Employment Record:

Clinical Instructor in Nursing Hospital of the University of Pennsylvania, Philadelphia, June 1953-1956

Private Duty Nursing, Part-time; Franklin Hospital, San Francisco and Alta Bates Hospital, Berkeley, California 1958 - June 1964

Assistant Professor, Department of Social and Behavioral Sciences, School of Nursing, University of California, San Francisco and Assistant Professor, School of Education, University of California, Berkeley, July 1964 - June 1968

Associate Professor, Department of Social and Behavioral Sciences, School of Nursing, University of California, San Francisco and Associate Professor, School of Education, University of California, Berkeley, July 1968 - June 1973

Professor, Department of Social and Behavioral Sciences, School of Nursing, University of California, San Francisco and Professor, School of Education, University of California, Berkeley, July 1973 - September 1982

Assistant Vice Chancellor, Academic Affairs, University of California, San Francisco, July 1974 - June 1977

Vice Chancellor, Academic Affairs, University of California, San Francisco, July 1977 - September 1982

Council Associate, American Council on Education, Division of Academic Affairs and Institutional Relations, Washington DC, December 1982 - August 1984

Senior Associate, Presidential Search Consultation Services, Association of Governing Boards of Universities and Colleges, Washington DC, September 1984 - September 1986

President, Texas Woman's University, Denton, Dallas and Houston, Texas, October 1986 - October 1993

Commissioner, Social Security Administration, Department of Health and Human Services, Washington DC, October 8, 1993 - present

#### 8. Government Experience:

Federal: Dallas Regional Panel Member for President's Commission on White House Fellowship, 1992 and 1993

Consultant, Department of Health, Education, & Welfare, U.S.P.H.S., Division of Nursing, Implementation of Nurse Training Act, 1975

Consultant, Department of Health, Education and Welfare, Bureau of Health Resources Development, Health Resources Administration, regarding doctoral level manpower needs in nursing, 1974

Consultant, National Research Council, Commission on Human Resources, Department of Health, Education and Welfare, regarding health services research and evaluation, 1974

Department of Health, Education & Welfare, Bureau of Health Resources Development, Health Resources Administration, Doctoral Manpower in Nursing, Study Committee, 1974

National Research Council, Commission on Human Resources, Department of Health, Education & Welfare, Health Services Research and Evaluation, Study Committee, 1974

**State:** Texas Health Policy Task Force, Chair; appointed by Governor Ann Richards, November 1991-January 1993

Testimony to Texas Legislature at request of Governor's staff to urge passage of health-related bills, January 1993-May 1993

**Local:** City and County of San Francisco, Department of Health, Advisory Committee, 1980-82

San Francisco Comprehensive Health Planning Council, Advisory Committee, 1971-1973  
Board of Directors, 1969-1970

9. Memberships (\* indicates resignation, 1993)

National Academy of Social Insurance  
National Academy of Public Administrators  
Institute of Medicine, National Academy of Sciences  
American Nurses Association  
American Academy of Nursing  
California Nurses Association  
The Charter 100 of Dallas  
The Washington DC Women's Forum  
League of Women Voters  
Sigma Theta Tau  
Phi Kappa Phi  
Iota Omega  
Golden Key National Honor Society  
Alumnae Association, University of Pennsylvania  
Alumnae Association, University of California, San Francisco  
American Association for University Women  
Alumnae Association, University of California, Berkeley  
\*Susan G. Komen Breast Cancer Foundation (National Advisory Committee, member)  
\*United Way of America (Personnel Committee, member)  
\*United Way, Denton (Board Member)  
\*Chamber of Commerce, Denton, Texas  
\*Greater Denton Arts Council  
\*Leadership America, National Advisory Committee  
\*American Council on Education, Board of Directors  
\*Carnegie Foundation for the Advancement of Teaching, Board of Trustees  
\*W. K. Kellogg Foundation National Fellowship Program Advisory Committee  
\*Robert Wood Johnson Foundation, Dental Services Research Scholars Program, National Advisory Committee  
\*United Educators Insurance Risk Retention Group, Board of Directors  
\*Academic Search Consultation Services, Board of Advisors  
\*First State Bank of Denton TX, Board of Directors  
\*American Association of State Colleges and Universities, Professional Development Committee  
\*Selwyn School, Denton TX, Board of Trustees  
American Council on Education, Commission on Educational Credit, Commissioner on Women, 1982-88  
Western Association for Schools and Colleges Commission for Accreditation of Senior Colleges, 1982-84  
University Advisory Council of the American Council of Life Insurance, 1982-84  
Massachusetts General Hospital, Institute of Health Professions, Nursing Advisory Committee, 1981-84  
University of Pennsylvania, Associate Trustee and Member, Board of Overseers, School of Nursing, 1978-84

## 10. Political Affiliation and Activities

## A. Membership/Offices Held in Political Parties

1986-Present: Party Affiliation, Independent  
 1983-1986: Party Affiliation, Republican

## B. Financial Contributions to Members of the Texas Legislature; Governor; Lt. Governor

1994	Ann Richards	\$ 250.00
1993	Ann Richards	200.00
1992	Ann Richards	100.00
	Bob Glasgow	150.00
	Jim Rudd	200.00
	John Montford	200.00
	Lena Guerrero	150.00
	Ric Williamson	100.00
	Bob Bullock	100.00
	Carl Parker	100.00
1991	Bob Bullock	1,000.00
	Eddie B. Johnson	Under \$100.00
	Gonzalo Barrientos	100.00
	Steve Carriker	100.00
1990	Bob Glasgow	150.00
	Ann Richards	100.00
	Jim Rudd	100.00
1989	None according to current files	
1988- 1983	No files available	

## 11. Honors and Awards

Florence Nightingale Award for Highest Achievement in School of Nursing Program, Hospital of Pennsylvania, 1953

National League for Nursing Special Fellowship for Graduate Training, 1958-1960

United States Public Health Service Pre-Doctoral Fellowship, 1960-1964

Elected to American Academy of Nursing, 1974

Distinguished Alumnae Award, University of Pennsylvania, School of Nursing, 1975

Distinguished Alumnae Award for National and International Contributions in Nursing Education, Hospital of the University of Pennsylvania, School of Nursing, 1976

Women's Forum West (Bay Area Distinguished Women, membership 100)

Sigma Theta Tau, Honor Society

Institute of Medicine of the National Academy of Sciences, elected 1982

Honorary Doctor of Letters from Baiko Jo Gakuin College, Japan, 1992

Honorary Degree, Doctor of Science, University of Maryland at Baltimore, 1994

Honorary Degree, Doctor of Humane Letters, University of Maryland, Baltimore County MD, 1994

Woman of Achievement Award, Texas Woman's University, 1994

Otis Fowler Award, Denton Chamber of Commerce, Denton TX, 1994

12. Published Writings: Please see attached bibliography

13. Speeches

1990:

May 19, 1990 "Women in the Workforce" presented to faculty, staff and community members, Alaska Pacific University, Anchorage, Alaska

June 22, 1990 "Strategic Planning" presented to newly appointed college presidents, American Association of State Colleges and Universities, Eastern Michigan University, Ypsilanti, Michigan

1991:

November 7, 1992, "Women's Roles in Administration" Way-Up Conference for Women of Iowa, sponsored by the University of Iowa, Des Moines, Iowa

1992:

November 14, 1992 "International Exchange Programs for Higher Education", Baiko Jo Gaukin College, Shimonoseki, Japan

Throughout the year, "Progress Report: Texas Health Policy Task Force", presented to service clubs (Rotary, Kiwanis, Lions) in Denton, Dallas, Ft. Worth, Richardson, Texas; and to Texas Woman's University constituency groups.

1993-1994:

Speeches to local and regional social security offices regarding SSA's goals.

Speeches to Regional Managers Association, Social Security Administration

See attached list

OTHER

1991-1993 testimony before the Texas state legislative committees during budget hearings for the university or higher education.

1990, 1991, 1992, 1993 State-of-the-University message, presented to faculty senate, staff organizations, alumnae chapters, parents, student groups, Regents, Foundation Board members, and community groups.

## D. Potential Conflicts of Interest:

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

None except as noted above C1, 2

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction which you have had during the last ten years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None

4. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing or affecting the administration and execution of law or public policy.

As Commissioner of the Social Security Administration for the past 15 months I have presented testimony to relevant congressional committees on issues related to Social Security.

From 1991-1993 I chaired Governor Richards' Health Policy Task Force which led to the Texas Health Plan. Subsequently, I presented testimony to the legislators to encourage legislation to implement those recommendations.

In 1991 I presented testimony on behalf of the defendants in the LULAC case in Texas. (League of United Latin American Citizens, et al vs Ann Richards, Governor of the State of Texas, et al, 107th Judicial District Court, Cameron County, Texas)

As president of Texas Woman's University I frequently presented testimony to committees of the Texas Legislature concerning budget and other issues relevant to higher education.

5. Explain how you will resolve any potential conflict of interest including any that may be disclosed by your responses to the above items.

I will seek advice from the agency ethics official. It is my belief that I have no interests that conflict with the Social Security Administration.

## E. Testifying Before Congress:

1. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes

2. Are you willing to provide such information as is requested by such committee?

Yes

1993, 1994 Testimony on behalf of Social Security Administration, Department of Health and Human Services to the United States Congress.

NOTE: Because I speak from notes and not written texts, I do not have copies of my speeches.

#### 14. Qualifications

During the fifteen months that I have served as Commissioner of Social Security, the agency's productivity has improved, decisive steps have been taken to improve overall service to the American people, a re-engineered process for taking disability claims has been initiated, progress toward independent agency continues and agency streamlining has begun in order to implement the goals of creating an agency that "works better and costs less".

I am a people-person with a caring attitude, possessing strong interpersonal skills together with administrative/management skills enabling me to provide leadership for the Social Security Administration.

In one way or another, I have served the public during my entire career. In my past position as President of a university, I provided leadership for out-reach programs that have become models which other institutions emulate. For example, one program for single mothers encouraged economic independence for the mothers and provided educational programs for the children. A TWU "CARES" clinic in cooperation with HUD offered free health care and educational programs to women and children of low socioeconomic status, while introducing students to programs of public service. Utilizing management, leadership and interpersonal skills we successfully restructured the university so that more services could be provided to constituents with the same budget in 1993 as we had five years previously.

The critical problems facing Social Security's programs and the agency's new status as an independent agency call for a seasoned administrator with proven skills and innovative problem solving abilities. Past successes suggest that I possess the qualifications to continue to serve as Commissioner of the Social Security Administration.

#### C. Future Employment Relationships

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

I resigned from my position as president of Texas Woman's University in 1992, but have been granted a leave-of-absence from my tenured faculty position.

2. Do you have any plans after completing Government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

See above

3. Has anyone made a commitment to employ your services in any capacity after you leave Government service?

No

4. If confirmed, will you serve your full term of office?

Yes

## F. Other

1. Provide the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by the Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In 1991, I, in my position of president of a Texas university and along with other university presidents, was named as a defendant in the League of United Latin American Citizens (LULAC) vs Ann Richards, et al in the 107th Judicial District Court, Cameron County, Texas. This case alleged that the Texas system for funding colleges and universities discriminated against those colleges in South Texas. The state district judge ruled that the system for funding was unconstitutional and ordered the legislature to restructure its financing formulas. The ruling has been appealed.

2. Give the full details of any proceeding, inquiry or investigation in which you were the subject of the proceeding, inquiry or investigation.

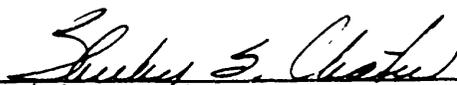
As President of the University, I have been indirectly involved with agencies such as EEOC regarding faculty and staff issues. In 1993 a faculty member filed suit against the University (naming me as president) based on charges of discrimination which led to the denial of tenure. The case is pending.

3. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

No

4. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

## INFORMATION REQUESTED OF NOMINEES

  
 Shirley S. Chater

## BIBLIOGRAPHY

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**Speeches****1993:**

**October 27, 1993 "Hope and Promise for Persons with Disabilities" to the North American Regional Conference of Rehabilitation International, Atlanta, GA**

**November 9, 1993 "Putting Customers First" to the National Performance Review conference, Arlington, VA**

**November 15, 1993 "Restoring Confidence in Social Security" to a journalists' forum sponsored by the American Association of Retired Persons, Washington, DC**

**December 13, 1993 "Social Security: A Social Insurance Program" to the Conference on the Future of Entitlements, Bryn Mawr, PA**

**December 14, 1993 "Creating Change" to the National Performance Review conference, Baltimore, MD**

**1994**

**January 27, 1994 "The Social Security Confidence Gap" to the annual convention of the National Academy of Social Insurance, Washington, DC**

**February 2, 1994 "The Future of Social Security" to the annual meeting of the American Association of Retired Persons Legislative Council, Washington, DC**

**February 11, 1994 "SSA: Now and In the Future" to the State Bar of Georgia, Atlanta, GA**

**February 23, 1994 "Security for our Future: Social Security and Health Security" to the Terrebonne Parish Council on Aging, New Orleans, LA**

**February 28, 1994 "Retirement Income for the Elderly" to the Texas Retirement Systems Board, Crystal City, VA**

**March 7, 1994 "The Human Family: What Do We Owe Our Neighbors?" to the Leadership America conference, Washington, DC**

**April 5, 1994 "Reengineering Social Security Disability Processes" to the State Disability Determination Services annual meeting, Boston, MA**

**April 8, 1994 "The State and Future of Social Security" to the California Business and Higher Education Forum, Palm Springs, CA**

**April 22, 1994 "Health and Economic Security for America" to the Maryland League of Nursing, Baltimore, MD**

**April 29, 1994, "The Impact of Reengineering" to the Southwest Area Disability Examiners, Austin, TX**

**May 1, 1994 "Bringing World Class Service to Social Security" to the National Council on Aging, Washington, DC**

**May 4, 1994 "Building Public Confidence in Social Security" to the American Association of Retired Persons biennial convention, Anaheim, CA**

**May 10, 1994 "Accepting the Texas Woman's University Woman of Achievement Award" in Denton, TX**

**May 12, 1994 "Social Security's Impact on the Lives of Older Women" to a press conference sponsored by the Women's Pension Policy Consortium, Washington, DC**

**May 19, 1994 "A Commitment to Diversity" to the Federal Pacific Asian-American National Leadership Training Conference, Arlington, VA**

**May 20, 1994 "Dedicating Yourselves to Making a Difference" to the Honors Convocation at Towson State University, Towson, MD**

**May 27, 1994 "The Future of Social Security" to a media roundtable sponsored by the Administration on Aging, Washington, DC**

**May 31, 1994 "Social Security: It Will Be There For You" to the Kiwanis Club, Jackson, MS**

**June 8, 1994 "Economic Security for America's Retirees" to the Financial Executive Institute's Committee on Employee Benefits, Washington, DC**

July 6, 1994 "Providing World Class Service to Blind and Sight-Impaired Americans" to the National Federation of the Blind annual convention, Detroit, MI

August 19, 1994, "The Future of Social Security" to the Buck Center for Research in Aging, Marin County, CA

September 6, 1994, "The Importance of Return to Work and the Value of Rehabilitation" to the Eastern Regional Conference of Rehabilitation International, Budapest

September 15, 1994, "Providing World Class Service" to the Association of Government Accountants, Baltimore chapter, Baltimore

September 21, 1994, "Reinventing Government" to the Heroes of Reinvention event sponsored by the Baltimore Federal Executive Board, Baltimore

September 27, 1994, "Social Security's Role in the Lives of Older Women" to the Celebration of Older Women sponsored by the Administration on Aging, Washington

October 14, 1994, "Economic Security and Health Security" to the University of Maryland-Baltimore County honors convocation, Baltimore

October 17, 1994, "Representative Payee Help for Social Security and SSI Beneficiaries" to the Texas Guardianship Association, Washington

October 19, 1994, "Moving Toward An Independent SSA" to the Save Our Security organization, Washington

October 31, 1994, "Entering a Period of Change for Social Security" to the AARP National Legislative Council Committee on Economic, Employment and Low Income Issues, Washington

November 15, 1994, "Ensuring a Smooth Transition to Independence" to the General Accounting Office/Social Security Administration Transition Expert Review Panel, Washington

November 16, 1994, "Bringing Hope and Efficiency to Disability Programs" to the National Task Force on Disability, Washington

December 5, 1994, "Historic Change at SSA" to the National Press Foundation journalist forum, Washington

## 1995

January 25, 1995, "Preparing for an Independent SSA" to the National Academy of Social Insurance, Washington



United States  
**Office of Government Ethics**  
1201 New York Avenue, NW., Suite 500  
Washington, DC 20005-3917

January 25, 1995

The Honorable Bob Packwood  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510-6200

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by the Honorable Shirley S. Chater, who has been nominated by President Clinton to be the Commissioner of the Social Security Administration when it becomes an agency independent from the Department of Health and Human Services on March 31, 1995.

We have reviewed the report and have obtained advice from the Department of Health and Human Services concerning any possible conflict in light of the functions of the Social Security Administration and Ms. Chater's proposed duties. Also enclosed is a letter dated January 18, 1995, from the Designated Agency Ethics Official at the Department of Health and Human Services, regarding the actions Ms. Chater has agreed to take to avoid potential conflicts of interest or the possible appearance of conflicts of interest.

Based thereon, we believe that Ms. Chater is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Stephen D. Potts  
Director

Enclosures



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Office of the Secretary

Office of the General Counsel  
Washington, D.C. 20201

JAN 18 1995

The Honorable Bob Packwood  
Chairman  
Committee on Finance  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

In connection with the nomination of Shirley S. Chater to be the Commissioner of the Social Security Administration under the Social Security Independence and Program Improvements Act of 1994, I have certified the Public Financial Disclosure Report, SF 278, filed with this Office.

The information contained in these documents indicates no unresolvable conflict of interest, legal barrier, or ethical impediment to Ms. Chater's service as Commissioner, if confirmed. She has been advised of the need to take certain actions in order to avoid the potential for any conflict of interest or appearance thereof. Ms. Chater has agreed to take all necessary actions to deal with any identified problematic interest or relationship. The terms of her ethics agreement, entered into pursuant to 5 C.F.R. Part 2634, Subpart H, are outlined in my letter to the Director of the Office of Government Ethics, transmitting a copy of the certified SF 278. A copy of this letter is attached for your information.

If this Office can be of further assistance, you may contact me, or Ed Swindell, Alternate Designated Agency Ethics Official, at (202) 690-7258.

An identical letter has been addressed to the Ranking Minority Member.

Sincerely,

Jack M. Kress  
Special Counsel for Ethics and  
Designated Agency Ethics Official

Enclosure



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Office of the Secretary

Office of the General Counsel  
Washington, D.C. 20201

JAN 18 1995

Mr. Stephen D. Potts  
Director  
Office of Government Ethics  
1201 New York Avenue, N.W.; Suite 500  
Washington, D.C. 20005-3917

Dear Mr. Potts:

Pursuant to section 103(c) of the Ethics in Government Act, as amended by the Ethics Reform Act of 1989, 5 U.S.C. App. 6, § 103(c), I am transmitting herewith a copy of the certified Public Financial Disclosure Report, SF 278, of Shirley S. Chater, who has been nominated by the President to serve as Commissioner of the Social Security Administration, an independent agency as of March 31, 1995, that was created by the Social Security Independence and Program Improvements Act of 1994.

This Office has reviewed Ms. Chater's financial disclosure report and advised her of the need to take certain actions in order to avoid the potential for any conflict of interest or appearance thereof. Ms. Chater has agreed to take the actions outlined herein to deal with any problematic interest or relationship. The contents of this letter constitute an ethics agreement pursuant to 5 C.F.R. Part 2634, Subpart H.

When she became Social Security Commissioner within the Department of Health and Human Services, Ms. Chater resigned her post as the President of Texas Woman's University (TWU). However, she retained her faculty position pursuant to a leave of absence.

Ms. Chater also has continuing financial ties (defined benefits pension interests resulting from prior employment) to two other universities, the University of California at Berkeley (UCAL) and the University of California at San Francisco (UCSF). Because Ms. Chater's continuing leave of absence from TWU and her interest in the University of California Retirement System are considered financial interests under 18 U.S.C. § 208(a), she executed a recusal statement (copy enclosed) disqualifying herself from participation in her official capacity in any particular matters affecting TWU, UCAL, UCSF, or the University of California Retirement System.

Inasmuch as the duties of Social Security Commissioner, however, are unlikely to involve universities, the need for an actual recusal is deemed remote. Similarly, a waiver from the President

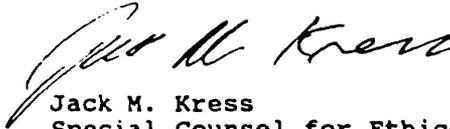
Page 2 - Mr. Stephen D. Potts

under 18 U.S.C. § 208(b)(1), to permit Ms. Chater to participate in general policy matters, such as regulations and legislation, that would affect TWU, UCAL, or UCSF, only to the same extent that similarly situated academic institutions would be affected, is considered unnecessary at the present time. If, at any future point, the Commissioner should be presented with a general matter involving universities, she will seek the assistance of the Designated Agency Ethics Official of the new agency before proceeding.

While many of the stock holdings indicated on the disclosure statement would be problematic for other appointees in this Department, the investment portfolio of Ms. Chater and that of the estate of her late husband do not appear to present any potential for conflict in view of the duties assigned to the Social Security Commissioner. Ms. Chater has been cautioned that a potential, though remote, possibility exists that banks and financial institutions might have disputes with the Social Security Administration concerning the direct deposit of benefit checks, though the Department of the Treasury would likely be the lead agency in such a matter. In view of the stock holding in First Chicago Bank indicated on page 17 of her report, we advised that she recuse from participation should such a matter arise.

With the actions indicated above, I am satisfied that the disclosure report of Commissioner Shirley S. Chater, indicates no unresolvable conflict of interest or other problem under applicable laws and regulations.

Sincerely,



Jack M. Kress  
Special Counsel for Ethics and  
Designated Agency Ethics Official

Enclosure

cc: Shirley S. Chater



THE COMMISSIONER OF SOCIAL SECURITY  
BALTIMORE, MARYLAND 21235

320

MAY 11 1994

## MEMORANDUM FOR THE RECORD

Pursuant to section 110 of the Ethics in Government Act, as amended by the Ethics Reform Act of 1989, 5 U.S.C. App. 6, § 110, and 5 C.F.R. Part 2634, Subpart H, I have taken the following actions to comply with the ethics agreement into which I entered upon my confirmation as Commissioner of Social Security at the Department of Health and Human Services.

This memorandum constitutes a recusal instrument, within the meaning of 5 C.F.R. § 2634.804(b)(1), that will be distributed to my immediate subordinates and to appropriate senior staff of the Department. The original shall be forwarded to and retained by the Special Counsel for Ethics (the Designated Agency Ethics Official for the Department of Health and Human Services), who shall transmit a copy to the Office of Government Ethics.

This instrument documents those disqualifications to which I have adhered since my appointment and to which I am bound prospectively from the date indicated above. All matters to which the disqualifications enunciated in this memorandum apply shall be referred to the Principal Deputy Commissioner for resolution without consulting me in any way or advising me of the pendency of the matter.

0 Upon confirmation, I resigned as President of Texas Woman's University (TWU). However, I retain an unpaid faculty position pursuant to a leave of absence. I also have continuing financial ties (defined benefits pension interests resulting from prior employment) to two other universities, the University of California at Berkeley (UCAL) and the University of California at San Francisco (UCSF). Because my continuing leave of absence from TWU and my interest in the University of California Retirement System are considered financial interests under 18 U.S.C. § 208(a), I have recused myself from participating in my official capacity in any particular matters affecting TWU, UCAL, UCSF, or the University of California Retirement System.

Inasmuch as the duties of Social Security Commissioner, however, are unlikely to involve universities, the need for an actual recusal is deemed remote. Similarly, a waiver from the Secretary under 18 U.S.C. § 208(b)(1), to permit me to participate in general policy matters, such as regulations and legislation, that would affect TWU, UCAL, or UCSF, only to the same extent that similarly situated academic institutions would be affected, is considered unnecessary at the present time. If, at any future point, I am presented with a general matter involving

Page 2 - Memorandum for the Record

universities, I will seek the assistance of the Designated Agency Ethics Official before proceeding.

O I have resigned from positions in, and severed consulting relationships with, all institutions and organizations listed on my Public Financial Disclosure Report, SF 278, Schedule D, Part I, for which I have served as a director, chair, or board, advisory, or other committee member, as follows:

Kellogg Foundation  
 First State Bank of Denton, Texas  
 United Educators Insurance Risk Retention Group  
 Selwyn School, Denton, Texas  
 Carnegie Foundation for the Advancement of Teaching  
 American Council on Education  
 Susan G. Komen Breast Cancer Foundation  
 United Way of America  
 United Way of Denton, Texas  
 Leadership American

As required by 5 C.F.R. § 2635.502, for a period of one year following my resignation, I will consider the need for a recusal from personal and substantial participation in an official capacity in any particular matter involving specific parties where the above enumerated organizations are either parties, or represent a party or parties, to such matter, if the circumstances would cause a reasonable person with knowledge of the relevant facts to question my impartiality in the matter. If I conclude that my impartiality might reasonably be questioned as a result of my prior connections with these organizations, I will inform the Special Counsel for Ethics and will not participate unless authorized to do so pursuant to 5 C.F.R. § 2635.502(d).

O I have been advised that a potential, though remote, possibility exists that banks and financial institutions might have disputes with the Social Security Administration concerning the direct deposit of benefit checks, though the Department of the Treasury would likely be the lead agency in such a matter. In view of my stock holding in First Chicago Bank indicated on my Public Financial Disclosure Report, I will recuse from participation should such a matter arise.



Shirley S. Chater  
 Commissioner  
 of Social Security

**RESUME**  
**SHIRLEY S. CHATER, PH.D.**

**Business Address:** Department of Health and Human Services  
 Social Security Administration  
 Room 613D, Hubert H. Humphrey Building  
 200 Independence Avenue, S.W.  
 Washington, D.C. 20201  
 (202) 690-6336

**Home Address:** 5175 Macomb Street, N.W.  
 Washington, D.C. 20016  
 (202) 537-3721

**EDUCATION**

<b>Certificate</b>	<b>Massachusetts Institute of Technology, Sloan School of Management, Program for Senior Executives</b>	<b>1982</b>
<b>Ph.D.</b>	<b>University of California, Berkeley</b>	<b>1964</b>
<b>M.S.</b>	<b>University of California, San Francisco</b>	<b>1960</b>
<b>B.S.</b>	<b>University of Pennsylvania</b>	<b>1956</b>

**PROFESSIONAL EXPERIENCES**

<b>Commissioner, Social Security Administration, Department of Health and Human Services</b>	<b>1993-Present</b>
<b>President, Texas Woman's University; Denton, Dallas and Houston</b>	<b>1986-1993</b>
<b>Senior Associate, Presidential Search Consultation Services, Association of Governing Boards of Universities and Colleges, Washington, DC</b>	<b>1984-1986</b>
<b>Council Associate, American Council on Education, Division of Academic Affairs and Institutional Relations, Washington, D.C.</b>	<b>1982-1984</b>
<b>Vice Chancellor, Academic Affairs University of California, San Francisco</b>	<b>1977-1982</b>
<b>Assistant Vice Chancellor, Academic Affairs University of California, San Francisco</b>	<b>1974-1977</b>
<b>Professor, Associate Professor and Assistant Professor, Department of Social and Behavioral Sciences, School of Nursing, University of California, San Francisco and School of Education, University of California, Berkeley</b>	<b>1964-1986</b>

RESUME  
SHIRLEY S. CHATER  
PAGE 2

HONORS AND AWARDS (Selected)

Member, Institute of Medicine  
National Academy of Sciences

The Dallas Charter 100  
(one hundred distinguished women of Dallas)

Washington, D.C. Women's Forum  
(group of preeminent women leaders affiliated with  
International Women's Forum)

Honorary Doctor of Letters from Baiko Jo Gakuin  
College, Japan, 1992

Honorary Degree, Doctor of Science, University of  
Maryland at Baltimore, 1994

Honorary Degree, Doctor of Humane Letters, University  
of Maryland, Baltimore County MD, 1994

MEMBERSHIP'S AND PUBLIC SERVICE (Selected)

Member, National Academy of Public Administration	1994-Present
Member, National Academy of Social Insurance	1994-Present
Board of Trustees, Carnegie Foundation for the Advancement of Teaching, Princeton, New Jersey	1990-1993
Board of Directors, United Educators Insurance Risk Retention Group, Inc., Washington, D.C.	1988-1993
Board of Directors, First State Bank of Texas, Denton, Texas	1992-1993
Board of Directors, American Council on Education	1990-1993
Chair, Texas Health Policy Task Force (Governor Appointed)	1992
National Advisory Committee, Leadership America, Washington, D.C.	1987-1993
Council of Presidents, Association of Governing Boards, Washington, D.C.	1990-1993

RESUME  
 SHIRLEY S. CHATER  
 PAGE 3

UNIVERSITY AND PUBLIC SERVICE (Selected) (cont'd)

Advisory Committee, W. K. Kellogg Foundation	1991-1993
National Fellowship Program, Battle Creek, Michigan	1986-1989
National Advisory Board Member, Academic Search Consultation Service, Washington, D.C.	1986-1993
Past Chair, American Council on Education Commission on Women on Higher Education, Washington, D.C.	1990
Member, American Association of State Colleges and Universities, Committee on Professional Development, Washington, D.C.	1990-1993
Board of Directors, Chamber of Commerce, Denton, Texas	1986-1993
Board of Directors, United Way, Denton County, Texas	1989-1993

**RESPONSE TO INFORMATION REQUESTED OF NOMINEES  
BY  
UNITED STATES SENATE  
COMMITTEE ON FINANCE**

**NOMINEE:** MAURICE B. FOLEY  
**NOMINATED FOR:** JUDGE, UNITED STATES TAX COURT

**A. BIOGRAPHICAL:**

1. Name: Maurice Brian Foley
2. Address: 1505 Wheaton Lane  
Silver Spring, MD 20902
3. Date and place of birth: March 28, 1960;  
Belleville, Illinois
4. Marital status: Married to the former Cassandra LaNel  
Green
5. Names and ages of  
children: Malcolm Brian (4)  
Corinne Lilia (2)  
Nathan Bryan (5 months)
6. Education:  
Hiram Johnson Sr. High School, 9/75-5/78, Diploma (1978)  
Swarthmore College, 9/78-12/78 and 9/79-5/82, BA (1982)  
Temple University, 1/79-6/79  
University of California at Berkeley, 8/82-5/85, JD (1985)  
Georgetown University Law Center, 9/86-5/88, LLM (1988)
7. Employment record:  
Law Clerk, California Public Defender, Sacramento, CA,  
5/83-6/83  
Law Clerk, Small Business Administration, San Francisco,  
CA, 7/83-9/83  
Law Clerk, Thompson, Hine and Flory, Cleveland, OH,  
6/84-8/84  
Law Clerk, Weintraub, Genshlea, et al, Sacramento, CA,  
9/84-4/85  
Attorney-Advisor, Internal Revenue Service, Washington,  
DC, 10/85-8/88  
Tax Counsel, Senate Finance Committee, Washington, DC,  
8/88-1/93  
Deputy Tax Legislative Counsel, Treasury Department,  
Washington, DC, 1/93-present
8. Government experience: See item 7.

9. **Memberships:**  
California Bar Association  
Advisor, Executive Committee, Tax Section, State Bar of  
California Bar
10. **Political affiliations  
and activities:** Independent. My only political  
activity has been to vote.
11. **Honors and Awards:** Lippincott Fellowship  
Gimble Scholarship
12. **Published Writings:** None.
13. **Speeches:**
- "View From Capitol Hill," Representing and Managing  
Professional and Trade Associations, December 1991
- "Legislative Update," American Institute of Certified Public  
Accountants, Fiduciary Income Tax Committee, December  
1991
- "Estate Tax Legislation: Past, Present and Future," Sacramento  
Estate Planning Council, January 1992
- "The Tax Legislative Process," Sacramento County Bar Tax  
Section, January 1992
- "Decision Time for Economic Growth and Tax Relief," Citizens  
for a Sound Economy, January 1992
- "Estate Tax Issues: What to Expect This Year," Trust Division  
of Ohio Bankers Association, February 1992
- "Estate Tax: Current Developments," Southern Nevada Estate  
Planning Council, September 1992
- "The 102nd Congress: Challenges for Future--Tax Incentives for  
Business," National Association of Investment Companies,  
October 1992
- "Current and Future Legislative Activity in Estate and Gift  
Taxation," Fort Worth Business and Estate Planning  
Council, October 1992
- "Estate Tax: Legislative Update," Notre Dame Tax and Estate  
Planning Institute, October 1992
- "Post-Election Tax Forecast," Committee of Banking  
Institutions on Taxation, November 1992
- "Substantiation For Charitable Gifts After the Omnibus Budget  
Reconciliation Act of 1993," United Jewish Endowment  
Fund, October 1993
- "The Omnibus Budget Reconciliation Act of 1993," National  
Center for Continuing Education, Newport Beach, Los  
Angeles, San Francisco, and Miami, September 1993
- "Current and Future Legislative Activity in Estate and Gift  
Taxation," Fort Worth Business and Estate Planning  
Council, April 1992

I used notes, rather than a prepared text, for all of these  
speeches. Copies are not available.

14. **Qualifications:**  
I have the temperament, integrity, education, and broad  
range of tax experience required for the position. In  
addition, I am a deliberate and conscientious decision-  
maker. My ability to understand a broad range of complex  
tax issues, ascertain legislative intent, and analyze the  
pros and cons of various alternatives are skills that  
will serve me well on the court.

**C. FUTURE EMPLOYMENT RELATIONSHIPS:**

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

Yes.

2. Do you have any plans after completing Government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No.

3. Has anyone made a commitment to employ your services in any capacity after you leave Government service?

No.

4. If confirmed, will you serve your full term of office?

Yes.

**D. POTENTIAL CONFLICTS OF INTEREST:**

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

None.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None.

3. Describe any business relationship, dealing or financial transaction which you have had during the last ten years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

4. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing or affecting the administration and execution of law or public policy.

From October 1985 through August 1988, I drafted tax regulations as an employee of the Internal Revenue Service. While serving as Tax Counsel on the Finance Committee and Deputy Tax Legislative Counsel at the Treasury Department, I have worked on numerous tax bills.

5. Explain how you will resolve any potential conflict of interest including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

I will recuse myself from participating in any cases in which I may have a conflict of interest.

6. Written opinions should be provided directly to the committee by the General Counsel of the Agency to which you have been nominated and by the Director, Office of Government Ethics, Office of Personnel Management concerning potential conflicts of interest or any other legal barriers to your serving in this position.

Not applicable.

**E. TESTIFYING BEFORE CONGRESS:**

1. Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.

2. Are you willing to provide such information as is requested by such committee?

Yes.

**F. OTHER:**

1. Provide the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by the Federal, state, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding inquiry or investigation in which you were the subject of the proceeding, inquiry or investigation.

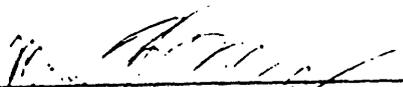
In 1978, during the first semester of my freshman year in college, I received a one semester suspension for my involvement in the theft of a student's property.

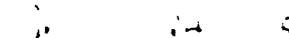
3. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

No.

4. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Date)

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

ON THE NOMINATION OF SHIRLEY CHATER

Mr. Chairman and members of the Finance Committee: It is my pleasure to join you today and to wholeheartedly endorse the nomination of Shirley Chater to continue the fine work she is doing as Commissioner of Social Security.

I first met Shirley Chater well before she came to Washington to lead the Social Security Administration. Our paths crossed many times in Texas, during her seven years as President of Texas Woman's University, the position she held immediately prior to becoming Commissioner.

Her experience at Texas Woman's University provided us with an excellent case study of Shirley Chater's leadership, administrative and managerial capabilities. To understand what she did for that university is to better understand what she is doing at the Social Security Administration, and what she is working so diligently and successfully to achieve.

When Shirley Chater became President of Texas Woman's University, it was a school with an uncertain future. It was having so much trouble maintaining its viability, in fact, that there was a great deal of talk about having it absorbed by another university.

That was, as I said, the situation when Shirley Chater came on board. Now, after seven years of her leadership, the university is a far different place than it was when she arrived. It has high student enrollments. It has significantly improved the quality of education it offers. It has developed a long-term strategic plan and established a firm fiscal foundation. Texas Woman's University is today a shining jewel in the Texas higher education system.

In just 16 months on the job, she is having similar success at the Social Security Administration. She is significantly changing that institution for the better—by improving quality of service, by planning for the agency's short-term and long-range future, by leading a national discussion on how to keep Social Security's fiscal foundation strong and stable.

And finally, you need to know that Shirley Chater has always been reluctant to spend a dime of taxpayers' money unless she can be assured that it will bring back the greatest possible return and highest productivity. At TWU, she increased student enrollment by more than twenty percent and provided more services without significantly increasing the university budget. At the Social Security Administration, despite beneficiary rolls increasing by over half a million people a year, she is maintaining administrative expenses at less than two percent of the total Social Security budget.

I hope, Mr. Chairman, that this gives you a clear picture of the Shirley Chater I know, I have worked with, and I have admired. She has had a remarkable career. She has done an excellent job at the Social Security Administration. And I can say, without hesitation, that she deserves your support to continue the work that she has started. I urge you to approve her nomination.

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

ON THE NOMINATION OF JUAN VASQUEZ

Mr. Chairman, it is my pleasure to present Juan Vasquez of San Antonio, Texas, for the committee's consideration to be a judge for the United States Tax Court.

Mr. Vasquez is exceptionally well-qualified for this prestigious position. After earning his undergraduate degree at my alma mater, the University of Texas at Austin, he completed his Juris Doctor degree at the University of Houston and then his master's degree in tax at N.Y.U. in 1978.

He served for four years in the I.R.S. District Counsel's office in Houston before beginning a very successful private tax practice in San Antonio in 1982.

He has been the attorney of record in more than 200 cases that have come before the U.S. Tax Court, representing both the I.R.S. and taxpayers as clients.

Even more remarkable than his education and professional preparation, however, is his personal background. His grandparents, both of whom picked cotton for a living, raised him, and also helped him to earn extra money by picking cotton. His professional success and the high esteem in which he is held in his community and among his peers demonstrate the power of God-given talent, hard work, and a good upbringing.

Not only will Mr. Vasquez be just the third Texan to ever serve on the U.S. Tax Court, he will also be the very first judge of Hispanic descent on the court.

Mr. Vasquez and his wife, Terry, will have been married for 25 years this August. They have raised two sons, the oldest of whom is a freshman at the University of Texas at Austin. For all of them, today is a very proud day.

Mr. Chairman, it is my pleasure to present Mr. Juan Vasquez to this committee for your consideration of his nomination to the U.S. Tax Court.

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Juan F. Vasquez  
U.S. Tax Court Judge Nominee:  
112 Cotillion  
San Antonio, Texas, 78213

A. BIOGRAPHICAL:

1. NAME: Juan F. (Flores) Vasquez (6/62-Present).  
John Vasquez (11/48-6/62) (as per school records).  
Robert Vasquez (6/48-11/48) (parents changed).
2. ADDRESS: 112 Cotillion  
San Antonio, Texas, 78213
3. DATE AND PLACE OF BIRTH: June 24, 1948  
San Antonio, Texas
4. MARITAL STATUS: Married, August 22, 1970  
Mary Theresa (Schultz) Vasquez
5. NAMES AND AGES OF CHILDREN: Juan F. Vasquez, Jr. Age: 18  
Jaime Vasquez Age: 13
6. EDUCATION:
  - . New York University, School of Law  
Masters in Law (LLM) in Taxation  
September 1977-May 1978
  - . University of Houston Law Center  
2nd & 3rd year of Law School  
JD-Law Degree.  
September 1975-May 1977
  - . State University of New York-Buffalo  
1st year of Law School  
September 1974-May 1975
  - . University of Texas at Austin  
Bachelor's Degree in Business Administration.  
(Major in Accounting)  
September 1970-May 1972
  - . San Antonio Junior College  
Associate Degree in Data Processing.  
September 1967-August 1970

- . Louis W. Fox Vocational & Technical High School  
San Antonio, Texas  
Diploma-May 1967

#### 7. EMPLOYMENT RECORD:

- . Juan F. Vasquez, A Professional Corporation  
San Antonio, Texas  
July 1987-Present  
  
Tax Law Firm specializing in Internal Revenue Service and U.S. Tax Court controversies, Estate Tax Planning and Federal Tax matters.
- . Leighton, Hood & Vasquez, a Professional Corporation  
San Antonio, Texas  
August 1982-June 1987  
  
Tax Law Firm specializing in Internal Revenue Service and U.S. Tax Court controversies, Estate Planning and Federal Tax Matters.
- . Office of Chief Counsel  
Internal Revenue Service  
Houston, Texas  
August 1978-August 1982  
  
Trial Attorney in U.S. Tax Court and Reviewing Attorney in Internal Revenue Service Collection, Refund and Criminal Tax matters. Assisted in interviewing and recruiting minority lawyers.
- . Coopers & Lybrand  
Certified Public Accountants  
Los Angeles, California  
June 1972-August 1974  
  
Accountant (Financial Auditor).
- . Western Union Telegram Company  
September 1964-August 1970  
Telegram Bicycle Messenger-1964-1968  
Telegram Automobile Messenger-1968-1970

#### Summer Employment:

- . Ira Shepard, Professor  
University of Houston Law Center  
Summers-1976-1977  
Houston, Texas  
  
Research Assistant. Edited program materials for the 11th & 12th annual Southern Federal Tax Institute.

- . U.S. Army, OFC of the ACOFS.  
Data Processing Division Hg., Fort Sam Houston  
May-October 1969  
San Antonio, Texas

Electrical Accounting Machine Operator

- . Summers of 1958 through 1963: Picked cotton in with my family in Taft and Waxachiae, Texas.

#### 8. GOVERNMENT EXPERIENCE:

- . Office of Chief Counsel  
Internal Revenue Service  
Houston, Texas  
August 1978-August 1982

Trial Attorney in U.S. Tax Court and Reviewing Attorney in Internal Revenue Service Collection, Refund and Criminal Tax matters. Assisted in interviewing and recruiting minority lawyers.

#### Advisory:

- . Member of Austin Internal Revenue Service District Director's Practitioners' Liaison Committee for 1990-1991.
- . Chairman of Austin Internal Revenue Service District Director's Practitioners' Liaison Committee for 1991.

#### 9. MEMBERSHIPS:

- . Member, American Bar Association (Tax Section), (1979-present).
- . Member, Mexican American Bar Association of Texas. (MABA), (Treasurer 1986-1988).
- . Member, Mexican American Bar Association of San Antonio, Treasurer. (MABA), (Treasurer 1983-Oct. 1994).
- . Member, Mexican American Bar Association of Houston. (MABA), (1978-1982).
- . Texas State Bar (Tax and Probate Sections).
- . National Association of Hispanic CPA's (San Antonio Chapter founding member in 1983).
- . Greater Austin Tax Litigation Association (GATLA).

#### 10. POLITICAL AFFILIATIONS AND ACTIVITIES: Democrat

Political contributions and affiliations made during the ten (10) year period of 1985 to June 1994 have included contributions to Federal, State, County and Local candidates as follows:

YEAR:	ACTIVITY:	AMOUNT:
1985:	None	-0-
1986:	COUNTY-District Attorney.....	\$ 250
1987:	COUNTY:	
	Sheriff, Commissioner & County Judge campaigns.....	\$ 425
	LOCAL:	
	. Justice of the Peace, Mayor & City Council campaigns.....	\$ 295
1988:	FEDERAL:	
	. Michael Dukakis for President campaign.....	\$ 50
	. Senate-Lloyd Bentsen for Senate campaign.....	\$ 25
	. Congress- Albert Bustamente for Congress for campaign.....	\$ 200
	STATE:	
	. Supreme Court & State Senate...	\$1,100
	COUNTY:	
	. Court of Appeals, District Courts, County Sheriff.....	\$2,270
	LOCAL:	
	. Mayor campaign.....	\$ 350
1989:	FEDERAL:	
	. Congress-Congressman Henry B. Gonzalez for Congress campaign..	\$ 250
	STATE:	
	. Texas Governor and Texas Supreme Court.....	\$ 450
	COUNTY:	
	. County Commissioner, Probate Judge & County Judge campaigns.	\$1,250
	LOCAL:	
	. School Board & Justice of the Peace campaigns.....	\$ 350
1990:	STATE:	
	. Texas Governor & State Senate and State Representative.....	\$ 800

## COUNTY:

- . Court of Appeals, District Judge,  
Probate Judge, County District Attorney,  
& County Clerk.....\$1,250

## LOCAL:

- . School District & City Council.\$ 250

1991:

## COUNTY:

- . District Judge & Probate Judge.\$ 500

## LOCAL:

- . City Council.....\$ 250

1992:

## FEDERAL:

- . DNC Victory Host Committee, Bill Clinton  
for President campaign.....\$ 1,000
- . Senate-Lloyd Bentsen.....\$ 250

## STATE:

- . Texas State Senate, State Representative  
and Railroad Commission Campaigns.....\$ 1,200

## COUNTY:

- . District Court Judge, County Judge &  
Probate Judge.....\$ 965
- . Fundraiser: Mary Roman for District Court  
Judge Campaign-(Finance Committee Chairperson)  
.....\$ 1,300

1993:

## FEDERAL:

- . Bob Krueger for U.S. Senate  
(Special Election).....\$ 1,000
- . Fundraiser: Bob Krueger for U.S. Senate  
Run-off Election Campaign.....\$ 1,000
- . Nebraska-Bob Kerry for Senate  
Campaign.....\$ 100
- . County/Democratic Party.....\$ 250

## STATE:

- . Texas Governor.....\$ 1,000

## COUNTY:

- . Court of Appeals, District Judge,  
County Judge, Probate Judge & District  
Attorney.....\$ 1,400

## LOCAL:

- . City Council & Justice of the Peace  
Campaigns.....\$ 500

1994:

**FEDERAL:**

- . DNC Presidential Gala.....\$ 1,000
- . U.S. Senate (Primary) Jim Mattox.....\$ 250
- . Henry B. Gonzalez for Congress.....\$ 250
- . Henry B. Gonzalez (Homecoming Banquet)...\$ 1,000
- . California-Esteban Torres for Congress...\$ 1,000
- . Texas-Rolando Rios for Congress.....\$ 500
- . County/Democratic Party.....\$ 100

**STATE:**

- . Fundraiser: Texas Governor Ann Richards..\$ 1,000

**COUNTY:**

- . Court of Appeals, District Courts &  
County Judge campaigns.....\$ 1,690

**LOCAL:**

- . Justice of the Peace campaign.....\$ 250

**11. HONORS AND AWARDS:**

- . Pro Bono Law Project of Bexar County Legal Aid-  
certificate of merit, June 24, 1988.
- . Sembradores de Amistad-Sembradores Education  
Foundation Corporate Sponsorship awards 1989 and  
1990.
- . Mexican American Bar Association, San Antonio, Texas  
Chapter, Outstanding Member Award, 1991.
- . Mexican American Bar Association of San Antonio-  
mentor to Junior High School Students Award, 1992,  
1993 and 1994.
- . San Antonio-South Side YMCA Sponsor Award-1993 &  
1994.
- . Fellow, San Antonio Texas Bar Foundation
- . Fellow, Texas Bar Foundation
- . Mexican American Bar Association (MABA), San Antonio,  
Texas Chapter, Presidential Citation Merit, 1994.

12. PUBLISHED WRITINGS: None.

13. SPEECHES:

. Over the past three years, I have made the following three presentations on tax controversies: "IRS TAX FRAUD INVESTIGATIONS", "IRS COLLECTION DIVISION) & "IRS EXAMINATION DIVISION & APPEALS" to the following organizations:

- . International Estate Planners, San Antonio, Texas Chapter.
- . National Association of Hispanic CPA's, San Antonio, Texas Chapter.
- . Texas Society of CPA'S, San Antonio, Texas Chapter.

14. QUALIFICATIONS:

. My education and professional experience has given me a broad background in Tax Law. I have proudly represented clients as a Tax Attorney and a Certified Public Accountant and represented the Internal Revenue Service with the same expertise.

I have had approximately three hundred (300) cases before the United States Tax Court, most of which were settled, and of which approximately eleven (11) were tried and Tax Court decisions rendered.

D. POTENTIAL CONFLICTS OF INTEREST:

1. No financial arrangements with my clients exist except for work performed before my entering Government service which is the billing/collection of these clients. I am presently informing each client of my nomination and referring each one to an appropriate Tax Attorney as part of the process of closing of my Tax practice.

2. My present 1/3 ownership interest in Beaver Run Condominium in Breckenridge, Colorado, poses no conflict of interest. If there is any doubt, I would recuse myself in cases where my co-owners are involved.

3. There are no business relationships, liabilities, or other relationships which could in any way constitute or result in a possible conflict of interest in the position to which I have been nominated. If any of my former clients were involved in a case before me, I would recuse myself.

4. None. I have not sought to influence or engage, direct or indirect, in the administration and execution of the law or public policy except in legally representing clients before the Internal Revenue Service and the Tax Court.

5. In appropriate situations, I would recuse myself; my investments and their administration pose no conflict of interest.

6. None. There are no written opinions concerning potential conflict of interests or any other legal barriers to my serving in this position.

## E. TESTIFYING BEFORE CONGRESS:

1. Yes, I am willing to appear and testify before any duly constituted committee of the Congress on such occasions as I may be reasonably requested to do so.

2. Yes, I am willing to provide such information as is requested by such committee.

## F. OTHER:

1. I was a defendant in the following civil lawsuit in 1989:

TR Management, Inc., Plaintiff vs. Arthur Marlin,  
Bebby Marlin, Hilario Trevino, Larry Hood,  
Carlos Bazan III, Fernando Bazan, Leonard Leighton,  
Gerald Green and Juan F. Vasquez, Defendants,  
vs.

Thomas A. Reynolds, Jr., Della Mae Reynolds,  
Thomas Reynolds III, Ronald Q. Reynolds and Alan Hardin,  
Third Party Defendants.

Case No. 89-0796, District Court, Grayson County, Texas,  
59th Judicial District. Suit was filed in November 1989.

Suit was brought by the operating and majority partner of a Holiday Inn hotel located in Sherman, Texas against all partners in said partnership for contribution to capital upon termination in 1988. I was a one percent (1%) partner in said partnership from 1983 to 1988. The matter was settled in December 1991 by my paying \$1,500 to plaintiff and I was dismissed from the lawsuit.

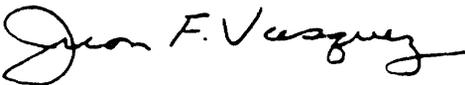
2. There are NO proceedings nor inquiries nor investigations of myself.

3. NO, I have never been convicted (including pleas of guilty or nolo contendere) of any criminal violation, not even a minor traffic offense.

4. There is no other information to be considered in connection with my nomination.

Signature:

Date:



Juan F. Vasquez

January 23, 1995