

NOMINATION OF RICHARD S. SCHWEIKER

HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
NINETY-SEVENTH CONGRESS
FIRST SESSION
ON
NOMINATION OF RICHARD S. SCHWEIKER TO BE SECRETARY
OF HEALTH AND HUMAN SERVICES

JANUARY 6, 1981

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NOMINATION OF RICHARD S. SCHWEIKER TO BE SECRETARY OF HEALTH AND HUMAN SERVICES

TUESDAY, JANUARY 6, 1981

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 2221, Dirksen Senate Office Building, Hon. Robert J. Dole (chairman of the committee) presiding.

Present: Senators Dole, Danforth, Heinz, Wallop, Durenberger, Symms, Grassley, Long, Byrd of Virginia, Bentsen, Matsunaga, Moynihan, Baucus, and Boren.

[The press release announcing this hearing follows:]

[Press Release]

For immediate release—United States Senate, Committee on Finance, 2227 Dirksen Senate Office Building.

FINANCE COMMITTEE SCHEDULES HEARING ON NOMINATION OF THE HONORABLE RICHARD S. SCHWEIKER TO BE SECRETARY OF HEALTH AND HUMAN SERVICES AND OF DONALD T. REGAN TO BE SECRETARY OF THE TREASURY

The Committee on Finance announced today that it has scheduled hearings on the nomination of the Honorable Richard S. Schweiker to be Secretary of Health and Human Services on Tuesday, January 6, 1981, beginning at 9:30 a.m. The hearing will be held in Room 2221 Dirksen Senate Office Building. Following the hearing on Senator Schweiker, the Committee has scheduled hearings on the nomination of Donald T. Regan to be Secretary of the Treasury.

Written Testimony.—The Committee will be pleased to receive written testimony from those persons or organizations who wish to submit statements on the nominations for the record. Statements submitted for inclusion in the record should be typewritten, not more than 25 double-spaced pages in length and mailed with five (5) copies by January 7, 1981, to Robert E. Lighthizer, Committee on Finance, Room 2227 Dirksen Senate Office Building, Washington, D.C. 20510

The CHAIRMAN. First, I want to extend my greetings to new members of the committee. I see Senator Grassley is here. Others will be here later.

I also welcome returning members. Senator Chafee is not able to be here because he is attending a ceremony; others are necessarily absent because of other commitments.

I would indicate, as we begin the first committee meeting for some time under the jurisdiction of Republicans, my gratitude to Senator Long and others. I have watched Senator Long carefully over the years. If I have learned anything, it will start to show later. But there is a lot to learn.

I would also like to include in the record at this point a statement which indicates what I believe is not only an opportunity but

also a responsibility we have as Republicans. Many of us find ourselves in a new and unaccustomed position. We have become the majority entrusted with legislating. It is a change for some of us, like Dick Schweiker, who have been in this city for 20 years, have nearly accepted the likelihood of permanent minority status. Now we have been given a mandate for change, and history, not to mention the voters, will judge us harshly if we behave with timidity or shirk in any way the test before us. That does not mean that we will behave irrationally. We will reform and not raze.

As chairman of the Finance Committee, I expect to stand at the forefront of those who seek to redress the relationship between Government and an economy it has unfortunately come to dominate in recent years.

For 165 years the Finance Committee has overseen the domestic economy and standard of living. Three Presidents, and a number of would-be Presidents, have been members of the Finance Committee. To serve in that position is to join the company of distinguished ghosts. One hundred and fifty years ago the committee first gained and then lost control of the entire appropriation process. In our own century it has surrendered jurisdiction over banking and currency and veterans' benefits to other committees formed expressly for these functions.

Even so, Finance continues to hold a powerful hand in the policy deck, as everyone on this committee knows. Now, insofar as the agenda is concerned, there is no doubt in my mind that the economy will be the No. 1 priority, not only for those who are appearing here this morning but also for the new President and for this committee. The task may be made even more difficult for the committee because of reluctance on the House side with reference to ratios on the Ways and Means Committee, where as recently as 30 minutes ago the Speaker is still insisting on a 23-12 ratio which, to me, seems unfair. In any event, it will be an ambitious agenda.

None of us is likely to ruminate about change or ponder progress. We are sent here to make things happen.

I would just say, finally, that I am determined as chairman to do what I can to realize the full potential of this committee in the tradition of chairmen from Henry Clay to Harry Byrd to Russell Long. It is an activist legacy that Finance inherits most recently from my distinguished colleague, the Senator from Louisiana, who for 14 years has been virtually synonymous with the committee and its work.

I often think the headline makers in this and other cities' newsrooms have a stamp they use periodically, reading, "Russell Long, powerful chairman of the Senate Finance Committee, said today * * *." Senator Long's power derived not from his position as majority nor even from his mastery of the legislative processes alone, although no one among us has a greater mastery. Over the years he has used his knowledge and power to shepherd numerous pieces of important legislation through this committee and the Senate itself—major bills in 1969, 1971, 1975, 1976, and 1978, trade legislation, social security solvency, and revenue sharing—the legacy of the Long years is an impressive one. This list is the product of a capacious mind, an instinct for compromise, a homespun humor that casts our work in perspective and an appealing alliance of fiscal hardheadedness and

social compassion. His power derives from his absolute command of the field of financing and his absolute professionalism in leading others less versed than he.

To fill such shoes is another challenge, a personal one. Each of us will confront many such challenges in the year 1981, and how we meet them will, to use Lincoln's phrase, "light us down, in honor or dishonor, to the latest generation."

So, I am very proud to somewhat humbly assume my duties as chairman of the committee, and I think it is perfectly—maybe coincidental but perfectly—fitting that our first order of business should be the confirmation hearings of Richard S. Schweiker to be Secretary of Health and Human Services.

I can say on a personal note that Dick and I started in the House in 1961. I think Senators Schweiker, Mathias, and I are the survivors of that class of Republicans. But he needs no introduction to the members of this committee.

I would also say, as a matter of record—and I will ask that my statement be made a part of the record—I want to, of course, recognize and welcome Mrs. Schweiker, the Senator's wife, and his daughter, Lani.

[Chairman Dole's prepared statement follows:]

STATEMENT OF SENATOR BOB DOLE

This month Americans begin a new course, along lines already broadly chartered by her President-elect and demanded by her people. The Senate of the United States renews and refreshes its own mandate to lead. Each one of us is present at the creation of a new administration and more—a new attitude toward government itself, its possibilities and its limitations. An idea is struggling to be born, and to us falls the privilege and the challenge of shaping and nurturing it to fruition. Millions of Americans look to us to give life to their expression of popular will, to appeal to the best in their Nation, and to write responsibly into law a new freedom and a reiteration of incentive as the key to economic prosperity and social justice for all.

Many of us find ourselves in a new and unaccustomed position. We have become the majority, entrusted with legislating. It is a change for those of us who have been in this city as long as I have, and who at times over the last 20 years nearly accepted the likelihood of permanent minority status. Now, we have been given a mandate for change—and history, not to mention the voters, will judge us harshly if we behave with timidity or shirk in any way from the test before us. That does not mean we will behave irrationally. We will reform, not raze.

As chairman of the Finance Committee, I expect to stand at the forefront of those who seek to redress the relationship between government and an economy it has unfortunately come to dominate in recent years. For 165 years the Finance Committee has overseen the domestic economy and standard of living. Three Presidents—and a number of would-be presidents, have been members of the Finance Committee. To serve in that position is to join the company of distinguished ghosts. 150 years ago, the committee first gained and then lost control of the entire appropriation process. In our own century, it has surrendered jurisdiction over banking and currency and veterans' benefits to other committees formed expressly for these functions. Even so, Finance continues to hold a powerful hand in the policy deck. Legislation under its jurisdiction in 1981 includes all federal tax and tariffs, social security and public assistance programs, unemployment insurance, medicare and medicaid, general revenue sharing and—regrettably—a national debt fast approaching a trillion dollars.

All told, these areas account for nearly half the entire federal budget and in the months ahead, Finance will find itself dealing with reform proposals ranging from welfare changes to capital gains. There will always be room for compromis-

ing over details—but no room at all for retreat from basic principles. In 1981 we must be willing to stand up and cast the difficult vote that will insure a viable social security system for future generations of recipients. We must fashion a package of tax reductions that will stimulate productivity, attack inflation at its roots, and create badly needed jobs in the suffering corners of America. We must restore our traditional cutting edge of the world market place and begin the process of long-term recovery for the auto and other recession-hit industries. Finally, we must find ways to eliminate waste from the federal budget without abandoning our historic commitment to individuals truly in need.

This is an ambitious agenda. But then, none of us were elected to ruminate about change or ponder progress. We were sent here to make them happen. America has problems in 1981, serious ones. But she has potential that more than matches any or all of them. Insofar, as the Finance Committee can help to realize that potential, I am determined that we will do so. In the tradition of chairmen from Henry Clay to Harry Byrd, Sr., to Russell Long. It is an activist legacy that Finance inherits, most recently from my distinguished colleague, the senior Senator from Louisiana, who for 14 years has been virtually synonymous with the committee and its work. I often think that headline makers in this and other cities' newsrooms have a stamp that they use periodically, reading, "Russell Long, powerful Chairman of the Senate Finance Committee, said today..."

Senator Long's power derived, not from his position with the majority, nor even from his mastery of the legislative process alone—although no one among us has a greater mastery. Over the years he has used his knowledge and his power to shepherd numerous pieces of important legislation through this committee and the Senate itself: major tax bills in 1969, 1971, 1975, 1976, and 1978, trade legislation, social security solvency, and revenue sharing—the legacy of the Long years is an impressive one. This list is the product of a capacious mind, an instinct for compromise, a home-spun humor that casts our work in perspective, and an appealing alliance of fiscal hardheadedness and social compassion. His power derives from his absolute command of the field of financing, and his absolute professionalism in leading others less versed than he.

To fill such shoes is yet another challenge—a personal one, a political one. But each of us will confront many such challenges in 1981 and how we meet them will, to use Lincoln's phrase, "Light us down, in honor or dishonor, to the latest generation."

I know my colleagues. I respect you for your ability, your ideas, and your commitment. I know that none of us has a monopoly on wisdom, and I know that all of us have been asked by the American people to put aside politics as usual in this time of economic peril. We will cut taxes in 1981. We will put incentive back into the domestic economy. We will tackle the tough problems of social security and chronically sick industries. We will begin the process of making free enterprise truly free again. Most of all, knowing each of us in this room, I have no doubt that we will meet the challenge of leadership. Our consciences as well as our constituents will accept nothing less.

The CHAIRMAN. I would like to ask a few preliminary questions of Senator Schweiker, after which I will recognize Senator Long.

At the same time I will ask that Senator Heinz preside over the balance of the hearing on Senator Schweiker.

I would like to point out for the record I have reviewed Senator Schweiker's financial disclosure forms, a summary of the full FBI field investigation and material that Senator Schweiker filed with the Office of Government Ethics. I am satisfied there are no problems in this area.

I have also been told that the Director of the Office of Government Ethics will send a letter approving Senator Schweiker's compliance with the Ethics in Government Act. That letter will be made a part of the record when it arrives.

[The information follows:]

UNITED STATES OF AMERICA, OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., January 14, 1981.

HON. ROBERT DOLE,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Richard S. Schweiker. President-elect Reagan has announced his intention to nominate Mr. Schweiker for the position of Secretary of the Department of Health and Human Services.

We have reviewed the report and have also obtained advice from the Department of Health and Human Services concerning any possible conflict in light of the Department's functions and the nominee's proposed duties.

Based on this, we believe that Mr. Schweiker will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely yours,

J. JACKSON WALTER, *Director.*

Senator LONG. Mr. Chairman, if I might interrupt for a moment, let me thank you for the kind words you said in reference to my service here. I have enjoyed it. I welcome the opportunity to serve as the ranking minority member of this committee.

I always think that a higher power knows about all these things, and they all tend to work out for the best. Looking back at it, it seems that perhaps it is time for somebody else to be chairman of the committee for a while. I hadn't quite thought about it before, but there is not a member on this committee who was here when I became chairman of this committee.

Bob Dole came to the committee, I am told, some time after I was already chairman. It takes a lot of time to become chairman of a committee, I have learned down through the years. He made it quicker than the average time. The average time to become chairman, I think, is about 12 years. Bob Dole made it in less time than that. Of course, that had to do with the fortunes of politics and the views of the electorate; but I am satisfied that under Bob Dole's leadership this committee will continue to operate in a bipartisan, somewhat nonpolitical fashion.

I think we have developed a tradition on this committee of thinking in terms of answers to problems. I believe we recognize very well here that even a blind hog finds an acorn now and then. The lowest minority member can now and then come up with an idea that somebody has overlooked. So we will be here to make some suggestions. We just ask that they be considered for what they are worth.

As Bob Kerr used to say around this place, there is absolutely nothing us fellows won't do to help you boys, provided it is mutual. We will be glad to help you put together legislation that we can agree is in the Nation's interest.

I am very proud of the fact that we were all able to put together a major tax cut bill which, unfortunately, the President did not have the opportunity to fully appreciate in the last Congress; but maybe the next President will appreciate it. Support in the committee was nearly unanimous. We will have a chance to act on that matter again. When we put together what will be the best judgment of members of this committee, I would not be surprised to see us be unanimous or

nearly so again. When we report a bill, I hope the House will have the good judgment to recognize our wisdom.

The CHAIRMAN. I might add, if they do not, we can always devise some way to get their attention.

I think Senator Heinz wants to introduce Senator Schweiker properly before this committee.

Senator HEINZ. Mr. Chairman, it is indeed a special privilege to appear before a committee chaired by a member of the erstwhile minority, now the majority. We have had the pleasure of opposite appearances with the now erstwhile majority and I am sure, Mr. Chairman, that not only will your chairmanship be historic but that we will all also enjoy the benefits of the excellent leadership that I know you have provided on the minority side and now have the opportunity to exercise on the majority side. In saying this I speak for all my colleagues, majority and minority.

Let me also say, Mr. Chairman, it is a special privilege to appear before this committee, as apparently first witness precedent to Senator Schweiker, to introduce somebody who, as you correctly said, needs no introduction, because Richard S. Schweiker, "Dick" to all of us, has served with us with great distinction in the Senate for some 12 years. You and I and our colleagues know him as a respected colleague and good friend.

Personally—and I do have a very high personal regard for Dick Schweiker—I can think of no other individual who is more qualified for the position of Secretary of Health and Human Services than Dick Schweiker. Frankly, I can think of no one who has been or is more concerned about the health and about the human services provided to and for the people of this Nation than Dick Schweiker.

As the ranking Republican on the Health Subcommittee, he has sponsored and drafted many pieces of important legislation, including bills to combat diabetes, heart disease, and sickle cell anemia. He has worked for comprehensive reform. He has helped eliminate fraud and abuse from the system. In the broader area of human services he has sponsored and cosponsored legislation to provide incentives for greater flexibility to the States to reduce administrative costs in the welfare system, which reform will mean better and more efficient services. He has worked to restore social security benefits to victims of the holocaust who were denied those benefits because of a technicality.

Dick Schweiker's approach to health care and human services is both, in my judgment, progressive and pragmatic. I think it is an approach well exemplified by a bill he offered in the Senate in 1979. That bill—S. 1590—was designed to introduce competition into the health care field. Instead of increasing the regulatory burdens and the cost, it provided incentives to companies which would give their employees a wider choice of health plans.

The bill also provided health insurance for catastrophic medical costs and tax incentives for such benefits as preventive health care.

Again, I think that legislation exemplifies Dick Schweiker's approach to human problems: it illustrates the kind of creative and concerned approach to the needs of our citizens that we will have to provide in the years ahead.

In short, I believe the record is clear that Dick Schweiker recognizes the responsibility of the Federal Government to do its utmost to help all Americans to receive the best human services available, at a cost

that is both reasonable and realistic; and at the same time I think his record demonstrates just as forcefully that he understands the limits of the Federal Government and the necessity of fiscal restraint.

Mr. Chairman, I can report also from the vantage point of some 12 years of being a constituent, a fellow Pennsylvanian of Dick Schweiker, that he has served the citizens of our State with the highest integrity, obvious dedication and great distinction. He will do no less as Secretary of Health and Human Services, and it is a privilege and a high honor to appear before your committee, Mr. Chairman, to recommend him to you and my colleagues for the position as nominated by President-elect Reagan, that of Secretary of Health and Human Services.

The CHAIRMAN. Thank you. I notice that Senator Arlen Specter, newly elected Senator from Pennsylvania, is here.

STATEMENT OF HON. ARLEN SPECTER, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator SPECTER. Thank you very much, Mr. Chairman and Senator Dole. I am glad to be here in time to say a word or two about my colleague, Senator Schweiker.

My senior Senator, Senator Heinz, has said it well, so I can be brief. I have been a Dick Schweiker watcher for some 20 years and a Dick Schweiker colleague for some 15 years. He has taken on some of the toughest battles that anybody has in the political and governmental spheres in Pennsylvania when he sought a seat in the House of Representatives 20 years ago, and then duplicated that in his candidacy for the U.S. Senate in 1968, where I had the pleasure of being on his committee. He has established himself both in the Commonwealth of Pennsylvania and on the national scene as a prodigious worker, a man of great intellect, a man of great capability.

I know that in following his footsteps around Pennsylvania, of course, in the past year on the campaign trail, that I have met many, many people who have extolled his virtues in the field of health and human services. So I think he brings a great talent to this particular post and none is more appreciative than I of his new role in creating a vacancy which I am delighted to have the opportunity to fill and to be sitting on one side of him, while John Heinz is on the other, to join in the presentation of him to this very distinguished committee, and to urge very favorable consideration of this man of unique talent who has so much to give to this country.

The CHAIRMAN. Senator Schweiker, do you have a statement to make?

STATEMENT OF RICHARD S. SCHWEIKER, SECRETARY-DESIGNATE OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. SCHWEIKER. I have a very brief statement, Mr. Chairman.

Let me add my congratulations to you in your new role. It was my privilege, as you recall, to join you in the House as a freshman Congressman and then to join you in the Senate as a freshman Senator; so it is sort of interesting history that we are playing this role here today, in view of our 20 years together.

The CHAIRMAN. We also have another one we need not mention. We were both on someone's ticket. [Laughter.]

Mr. SCHWEIKER. I appreciate that. I omitted it in my statement.

In addition, I do want to say to Senator Long that I have appeared before this committee many times in the past and I always got great treatment. Even though I was in the minority, I received very deferential handling from this committee, so I thank him for his years of leadership and work. I have been privileged to work with him, too.

I thank my colleagues, Senator Heinz and Senator Specter, for their kind introductions. I am delighted to have them here and look forward to working with them for four more years.

I greatly appreciate the opportunity to appear before you this morning as the President-elect's nominee to be Secretary of Health and Human Services.

As 1981 begins, both the new administration and the new Congress face many important problems and challenges, and I am glad to get an early start.

Congress has charged the Department of Health and Human Services with the administration of a vast complex of diverse programs designed to meet the needs of our elderly population, assure handicapped citizens full participation in our society, promote our Nation's health, and provide economic and medical assistance to those most in need.

Achieving these goals is a tremendous challenge. It demands compassion, creativity, and common sense problem-solving skills.

From my 20 years in Congress, I have certainly learned that the executive branch of the Federal Government has no monopoly on these skills. If the challenge is to be met, we are going to have to work constructively with the private sector and, most importantly, we are going to have to build the kind of constructive cooperation between Congress and the Executive that is so essential to improving HHS program design and performance.

As a Senator, it has been my privilege to work with many of the members of this committee—working closely with Senator Durenberger on important new ideas in the area of health-care financing, such as S. 1968, Senator Durenberger's bill, cosponsored by Senator Heinz and Senator Boren; cosponsoring welfare reform proposals such as S. 1382, with Senator Long, Chairman Dole, and Senator Packwood.

As the new Secretary of Health and Human Services, I will continue to need your ideas and support.

I hope the new administration will have a greatly improved relationship with Congress.

Let me add a few words about my general priorities as I view the position of Secretary of HHS.

I believe some of our programs need to be refocused on their original goals of helping those truly in need and that more emphasis must be placed on eliminating fraud, waste, and abuse.

It would be my intention to give strong support to the Inspector General's Office in this regard and to work closely with the General Accounting Office as well.

Better health care for all our citizens has also been one of my primary interests as a Senator, as Senator Heinz so articulately stated.

I intend to continue my efforts in health promotion and disease prevention within the Department, emphasizing cost-effective preventive health-care strategies.

Lastly, I believe the new Secretary must work closely with the new administration and the Congress to curb inflation, which has so aptly been termed the cruelest tax of all on the poor and elderly citizens who rely so heavily on HHS programs. Inflation alone for fiscal year 1981 will eat up nearly \$27 billion of the HHS budget this year, according to current departmental estimates.

This underscores the magnitude of the job we have to do if we want to help the poor and the elderly.

Mr. Chairman, I would be glad to respond to your questions.

[Biographical data and Mr. Schweiker's prepared statement follow:]

**HON. RICHARD S. SCHWEIKER, SECRETARY-DESIGNATE OF
HEALTH AND HUMAN SERVICES**

HISTORY

Born June 1, 1926, Norristown, Pa., to Malcolm Alderfer and Franche Schultz Schweiker (dec'd.). Worcester, Pa., elementary, junior high schools. Norristown High School Valedictorian, 1944. At 17 enlisted U.S. Navy. Served WW II on aircraft carrier. Graduated Phi Beta Kappa, Pennsylvania State University (B.A.), 1950.

FAMILY AND CHURCH

Married Claire Coleman (Springfield Township, Montgomery County, Pa.) 1955, original "Miss Claire" of TV's "Romper Room". Children: Malcolm C. (8/15/57), Lani Lynne (12/4/60), Kyle Claire (3/14/65). Richard S. Jr. (2/16/67), Lara Kristi (12/7/69). Member Schwenkfelder Church, Worcester.

POLITICAL ACTIVITIES

Began political career ringing doorbells as precinct worker and Republican committeeman. A founder and two-term President (1952-54), Montgomery County Young Republican Club. In 1960 as independent candidate for Congress in Republican Primary, beat incumbent Congressman. Elected (November 1960) to 87th Congress (13th District, Montgomery County) at age 34 and resigned business executive post he had held 10 years. Reelected 1962, 1964 and 1966. Elected U.S. Senator, November 1968, defeating incumbent Joseph S. Clark by more than 280,000. Schweiker only successful Republican statewide candidate in election that saw Humphrey win Pennsylvania by some 170,000. Won re-election 1974 with 53 percent of vote, highest of any U.S. Senator from Pennsylvania since 1948. Again, only victorious GOP statewide candidate. First Republican U.S. Senator ever endorsed by Pennsylvania AFL-CIO. Came within 3,341 votes of carrying Philadelphia (49.4 percent). Selected by Governor Reagan to be his running mate, 1976 GOP Presidential campaign.

LEGISLATIVE INTERESTS

In U.S. House of Representatives, Schweiker served on Government Operations and Armed Services Committees. Co-authored book, "How to End the Draft," which spelled out the formula used to establish the All-Volunteer Army. Authored the 1965 "Schweiker Act" for cash awards to military service personnel for cost-cutting ideas, resulting in savings of more than \$1 billion to taxpayers.

In U.S. Senate, Schweiker was ranking Republican on both the Senate Labor and Human Resources Committee and the Labor-Health & Human Services Appropriations Subcommittee, the two Senate units which controlled both authorizing legislation and appropriations for labor, health, education, aging and public welfare matters. Few senators, especially Republicans, have reached such a key dual position. Schweiker was also ranking Republican on the Health and Scientific Research Subcommittee, and a member of the Senate Appropriations and Rules and Administration Committees. Previously served on the Armed Services Committee, Joint Economic Committee, Select Committee on Intelli-

gence Activities, Select Committee on Nutrition and Human Needs, and Technology Assessment Board. Defense and foreign affairs experience includes serving 17 of his 20 years in Congress on either Armed Services Committees or Foreign Operations, Defense/Military Appropriations Subcommittees.

As ranking Republican on the Health Subcommittee, Schweiker has worked in drafting and sponsoring legislation to combat diabetes, cancer, heart disease, sickle cell anemia and lead paint poisoning. Some other major legislative concerns: comprehensive health care reform including lower health care costs; preventive health care; blood program reform; job training for the unskilled; eliminating unreasonable regulatory and paperwork burdens imposed by government; tuition tax relief; controlling unfair imports; pension reform; black lung benefits; mine safety; conversion of coal to clean-burning natural gas and fuel oil; economy in government; skyjacking protection and halting federal support for abortion. He has been the leader in the fight against diabetes, and authored bills creating the National Commission on Diabetes Advisory Board.

HONORS RECEIVED (PARTIAL LISTING)

Awarded Honorary Doctor of Public Service, Temple University (1970), and Honorary Doctor of Laws degrees by Ursinus (1963), Pennsylvania Medical (1972), Dickinson (1972), Albright (1973), LaSalle (1973) and Widener (1973) colleges. Pennsylvania Jaycees "The Outstanding Young Man of Pennsylvania" (1961). Distinguished Alumnus Award, Pennsylvania State University (1970). The National Association for Mental Health Award (1974); Opportunities Industrialization Centers Key Award (1974, 1977) and OIC Legislative Pathfinder Award (1980); National Society for the Prevention of Blindness Award (1974); Humanitarian Award, Juvenile Diabetes Foundation (1974, 1977), and JDF "Man of the Year" Award (1978), Dr. Charles H. Best Award, American Diabetes Association (1974). Jewish National Fund Bringer of Light Award (1971); Samuel H. Daroff Humanitarian Award, Anti-Defamation League, B'nai B'rith (1971); Council of Jewish Federations Distinguished Service Award (1978). Pennsylvania Conservative Union "Appreciation Award" (1978); Pennsylvania Pro Life Convention Award (1978); Ukrainian Human Rights Award (1980); Volunteers of America Booth Award (1980); National Association of Independent Colleges and Universities Distinguished Service Award (1980). Honorary Member, National Council, Boy Scouts of America. Honorary Member, Slumbering Groundhog Lodge, Quarryville, Pa. (1970).

COMMUNITY SERVICE

Senator Schweiker's community services have included, as an officer: Jaycees; Lions; Red Cross; United Fund; as a member: American Legion; VFW (life); AMVETS (life); Rotary (honorary); Kiwanis (honorary); YMCA; Sons of the American Revolution; Anthracosilicosis League of Pennsylvania (honorary). Eagle Scout. Director, Schwenkfelder Library.

STATEMENT OF RICHARD S. SCHWEIKER, SECRETARY-DESIGNATE OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

I greatly appreciate the opportunity to appear before you this morning as the President-elect's nominee to be Secretary of Health and Human Services. As 1981 begins, both the new Administration and the new Congress face many important problems and challenges, and I am glad to get an early start.

Congress has charged the Department of Health and Human Services with the administration of a vast complex of diverse programs, designed to meet the needs of our elderly population, assure handicapped citizens full participation in our society, promote our Nation's health, and provide economic and medical assistance to those most in need. Achieving these goals is a tremendous challenge. It demands compassion, creativity, and common sense problem-solving skills. From my twenty years in Congress, I have certainly learned that the Executive Branch of the federal government has no monopoly on these skills. If the challenge is to be met, we are going to have to work constructively with the private sector, and most importantly we are going to have to build the kind of constructive cooperation between Congress and the Executive that is so essential to improving HHS program design and performance. As a Senator, it has been

my privilege to work with many of the members of this Committee—working closely with Senator Durenberger on important new ideas in the area of health care financing—such as S. 1968, Senator Durenberger's bill, cosponsored by Senator Heinz and Senator Boren; cosponsoring welfare reform proposals such as S. 1382 with Senator Long, Chairman Dole, and Senator Packwood. As the new Secretary of Health and Human Services, I will continue to need your ideas and support. I hope the new Administration will have a greatly improved relationship with Congress.

Let me add a few words about my general priorities as I view the position of Secretary of HHS. I believe some of our programs need to be refocused on their original goals of helping those truly in need, and that more emphasis must be placed on eliminating fraud, waste and abuse. It would be my intention to give strong support to the Inspector General's office in this regard and to work closely with the General Accounting Office as well. Better health for all our citizens has also been one of my primary interests as a Senator. I intend to continue my efforts in health promotion and disease prevention within the Department, emphasizing cost-effective, preventive health care strategies. Lastly, I believe the new Secretary must work closely with the new Administration and the Congress to curb inflation, which has so aptly been termed the cruelest tax of all on the poor and the elderly citizens who rely so heavily on HHS programs. Inflation alone for FY 1981 will eat up nearly \$27 billion of the HHS budget this year according to current departmental estimates.

Mr. Chairman, I would be glad to respond to your questions.

The CHAIRMAN. Thank you very much.

I have two questions. As I have indicated, I will yield to Senator Long, and at that time Senator Heinz will preside over the balance of this confirmation hearing.

Before I proceed, I see a couple of other members have come in; one of the new members, Senator Symms from Idaho is with us. We welcome him to this committee.

I have, as I have indicated, looked at the FBI field investigation and material that Senator Schweiker filed with the Office of Government Ethics. There are no problems in this area.

Senator Schweiker, it is my understanding you have discussed the possibility of conflicts of interest with the Finance Committee chief counsel; is that accurate?

Mr. SCHWEIKER. That is correct. I have also discussed this with the Transition Liaison Office, which is in touch with the President's Office on this matter in the executive branch. I have actually discussed it with both parties.

The CHAIRMAN. Are there any problems you are aware of?

Mr. SCHWEIKER. There are none that either group saw or that I see.

The CHAIRMAN. Is there any reason you are aware of that you cannot fill the responsibility of the office to which you have been nominated?

Mr. SCHWEIKER. There is no reason that I am aware of.

The CHAIRMAN. I think the record reflects that.

Having indicated that, I am certain, as you know, we will be asking you questions, some of which might get into policy areas even before you formally assume the office. Social security is a matter of great concern and will be to this committee—in fact, we are having difficulty finding a subcommittee chairman for Social Security. You are aware that obviously short- and long-term financing will be matters before the committee.

Have you thought about any timetable for submitting legislation to Congress that will meet some of the problems we face in the next 12 to 15 months in the social security system?

Mr. SCHWEIKER. Mr. Chairman, this area probably has taken most of my attention in looking at my new job, because as you say, we have a short-term and long-term problem that need immediate attention.

I will pledge to this committee to give this matter by highest priority. As soon as possible I will present some proposals to the committee.

I think it is really important that we convey to the American people that we are going to maintain the integrity of the social security system. I get a little concerned when I read criticism that looks like the fund is busted now. The fund has performed well up to now, but we have some real problem solving to do and some tough decisions to make in order to preserve system integrity.

I want to assure the committee I am going to make those tough decisions and come up with recommendations. I hope we can concur fairly early on what to do, what are the best alternatives. I assure you it is my top priority.

I think it is essential if we are going to tell the people back home that the Government is working, the system is working, and social security is working. We have to show that we can maintain the integrity of the fund.

The CHAIRMAN. Right. Of Course, there are no easy, painless choices. One will be to increase taxes. They have just been increased January 1. One is to reduce benefits, another to bring in Federal employees, maybe shifting funds, or possibly restraining the growth of the program in out years. That may be an answer that deserves your consideration.

We also had a lot of discussion when Secretary Califano, I think very accurately, said that there was waste and some abuse and some fraud in then HEW. In fact, the figure of \$7 billion, I think, was kicked around.

Now, do you have any plans for finding some way to control some of this so-called waste, abuse, fraud? I might say from my viewpoint I never really believed that there was that much fraud. I think there may be waste and some abuse, and perhaps with some legislative changes we can address some of the problems that Secretary Califano very accurately pointed out.

Mr. SCHWEIKER. It would certainly be my intention to immediately give this a very high priority. I singled it out in my opening statement, in terms of a strong support for the Inspector General's role that I believe is very critical here.

I also mentioned, and I reiterate because of its importance, that I believe the General Accounting Office has a lot of constructive suggestions, some of which have not been followed up. I assure you that one of my first jobs as I see it will be to sit down with Elmer Staats and have a list compiled for me of the recommendations GAO has made in the last few years, and take that as a blueprint for implementing fiscal constraints and controls.

Third, I know this committee has done some work, particularly in the medicaid field, where some of the most rampant fraud and abuse occur. I read the committee's hearing on that subject. I am very cognizant of it. I would hope that we could work out some joint program with the Justice Department where we do have some obvious cases and move in that area.

I think this issue is just as important as maintaining the fiscal integrity of the social security system. I think it is important to tell the American people that we are serious about cleaning up programs in other ways. I hope we can demonstrate that.

The CHAIRMAN. Thank you. I have no further questions.

Senator Long?

Senator WALLOP. Mr. Chairman, could I make one quick comment?

I had thought that the conflict between the Energy Committee and the Finance Committee was the Machiavellian design of Chairman Long and Chairman Jackson. I now find that it is sort of an inherent disease that goes to Chairman Dole and Chairman McClure.

I would not want to leave without just tipping my hat to Senator Schweiker and saying how very pleased I am with this President-elect's nomination of this man. I think it is splendid.

Senator LONG. Mr. Schweiker, I am happy to have you before the committee. When you called me and offered to come by for a courtesy visit, I told you what I would like to make a matter of record. I am going to vote for you, unless you talk me out of it, and I am not going to try to make you talk me out of it.

I do want to take up one or two things with you.

Are you generally in agreement with Governor Reagan's philosophy about the welfare program?

Mr. SCHWEIKER. Yes. I have studied the welfare program in California. I think the way he did it there, in terms of tightening up eligibility, improving administration, while at the same time supporting high benefits for those most in need; this approach would be very close to what I would see as my philosophy on this job, Senator Long.

Senator LONG. Quite a bit of my philosophy about that matter was strengthened by, and in some respects even came from Governor Reagan's experience and some of the things he would tell some of us at Governors' meetings and various other times when he would explain his views.

It was my view that he was the best witness that appeared before this committee while we were discussing the so-called welfare reform plan, the family assistance plan, back during the Nixon administration. He had given a huge amount of thought to this subject.

It seems to me that basically his position is sound; at a minimum it deserves a try.

Now up to this point, we have had great difficulty getting the bureaucracy in HEW to experiment with anything they do not like. They do not like a proposal which means that you put more people to work and have fewer people on the welfare rolls. Can we take it as a commitment from you that you are going to try to have fewer clients on the welfare rolls, rather than more?

Mr. SCHWEIKER. I think that is a fair commitment to make.

Senator LONG. In other words, you would like, if you could, to move people into work, and we ought to try to make work more attractive than welfare. I think that would imply that the welfare program should be somewhat less attractive and the job opportunities should be more attractive. We would like to work for that goal.

Now, when you go to that Department, you are not going to find much sympathy for what you are trying to do. Bob Kerr used to give an illustration around here of Gulliver and the Lilliputians. Gulliver

woke up in this strange land and found he had been tied down by a group of little people who would not permit him to get up until he promised to do their bidding.

Now, my experience has been that the last 20 years around here, whoever was sent over there to that Department of HEW, now HHS, tended to be Gulliver, captured by the Lilliputians. Can we have some assurance that you are not going to be captured by that bureaucracy that was here long before you showed up on the scene?

Mr. SCHWEIKER. Senator Long, let me say this: I am fortunate in having spent 10 years not only on the Health Committee but also on the Labor-HEW Appropriations Committee. I sort of know where a lot of bodies are buried, I think people are going to have trouble pulling the wool over my eyes in terms of spending and cost-effectiveness issues, what are the good programs and bad programs and our relative investment in them, just because of my Appropriations Committee work.

I am pleased that a number of key staffers of mine who have worked with me over the years are going with me to HHS. I think I will be starting out with people who won't be tying me down.

Senator LONG. Do you believe you can take them up with you, under the existing law, to support your policy, rather than have a group that constantly put memos on your desk suggesting the opposite of what you would personally be inclined to think?

Mr. SCHWEIKER. I cannot take enough people with me to fill all the slots available, Senator, but I assure you that my policies will be implemented and enforced. The policies that I speak to this committee about will be activated; that I assure you.

Senator LONG. If you begin to develop a change of heart, would you be willing to come up here and tell us that you are losing faith in your old religion, and give us a chance to reinforce your faith a little bit, so you can continue to forge straight ahead with what you were committed to when you went there?

Mr. SCHWEIKER. If I need that kind of moral rearmament, you will be the first to know. I will come back. In addition, I want to say one other thing: I do expect, because I know the subcommittees and the committee have expertise in this area, that I will listen.

I said it in my opening remarks, and I meant it. There is a lot of knowledge and expertise on the Hill that I think has been ignored downtown on some of these really tough problems. Social security is one, and cleaning up some of the other programs. I am going to listen before we promulgate something so that we don't find ourselves going in the wrong direction because we didn't get a good reading on the Hill, or didn't understand the program fully.

So, I am going to do some advance consultation with members of this committee, including you, if you will give me your time, to prevent that from happening.

Senator LONG. Thank you very much.

Senator HEINZ [presiding]. With Senator Danforth's permission, I would like to ask my questions now, now that I have this great power of the gavel in my hand.

Senator Schweiker, Dick, one of the fastest growing industries in the United States, one of the areas where we have experienced the most rapid increases in inflationary spiral, is that of health care.

You, in my judgment, correctly opposed the unworkable regulatory scheme proposed by the Carter administration labeled as so-called hospital cost containment. Yet I know you recognize the very difficult inflationary circumstances permeating the health care area.

Federal spending for medicare and medicaid continues to spiral at, ever-increasing rates. Are you prepared to share with us today some of your thoughts on how we may retard, through whatever policy or programs you believe are appropriate, the terrible increase in the cost of health care?

Mr. SCHWEIKER. First, Senator Heinz, let me say that I mentioned, I think, before Senator Durenberger came in, that his bill—and you are a cosponsor of it, along with Senator Boren—has some awfully good starting positions. I think what I would like to do in this area is take some ideas from that bill, some ideas I worked on in my own bill, and some approaches from the House that I know of, and possibly suggest some demonstration projects.

As I look back to some of our bigger programs, we have tended to jump in too fast before we know where the program is going and what is happening. I think my guiding-light would be to come up with some model demonstration projects in this area, maybe with two or three options that incorporate variations of the competitive approach, and implement them in the field for trial and reactions.

The answer is, yes, I feel strongly we need to do it. I do like the idea of a competitive approach in the private sector. I do like the idea of giving people an alternative in choosing how to solve this problem, and then to respond to the committee after we get some experience, rather than just jumping pell-mell into a broad-scale program which, I think, perhaps we have done too often in the past. I look forward to working in this area.

Senator HEINZ. Senator Long touched on this earlier, namely, the question of transfer payments and particularly the welfare system.

Would you anticipate that you would be sending up to the committee a welfare reform proposal in the foreseeable future?

Mr. SCHWEIKER. Yes, I would. It will also be one of our top priorities for the reason that Senator Long mentioned. I think President-elect Reagan feels very strongly about this matter.

I think, if you look back at his experience, he is probably more deeply involved in this issue than almost any other aspect of the work of my Department. I would expect to meet and interact with him personally very soon on this matter, and I expect the administration to take some very considered steps on proposals in this area.

Senator HEINZ. Thank you very much.

Senator Moynihan?

Senator MOYNIHAN. Thank you, Mr. Chairman.

May I express my great pleasure that Senator Schweiker is going to assume this enormous job. I know of the respect with which he is held in this committee and by this particular Senator.

I would like to pursue this question of welfare that we have been talking about.

First of all, in what I hope won't be an excessively partisan or even marginally partisan mood, I will read to you a few passages from the Republican platform of 1980. I don't want to spoil this occasion, but it seems to me that this is something you are going to have to deal with.

The Republican platform says, "We oppose Federalizing the welfare system," by which I think is meant the full Federal assumption of Medicaid and AFDC costs. "Local levels of government are most aware of the needs of their communities. We support a block grant program that will help return control of welfare programs to the States. Decisions about who gets welfare, and how much, can be better made on the local level."

Then, later on, it says, "Ultimately, the Republican Party supports the orderly, wholesale transfer of all welfare functions to the States, along with tax resources to finance them."

Now, sir, if I am not mistaken, that platform could only be read as a proposal to repeal the Social Security Act of 1935, at least with respect to title IV, which is the aid to dependent children program, and title 19, the medicaid program.

Now, sir, do you expect, as Secretary of Health and Human Services, to propose to repeal the medicaid program?

Mr. SCHWEIKER. Let me say that I can't speak in terms of the platform, because I did not participate in writing it. I can speculate a little bit about the new President's perspective.

I don't believe there is any intention in the new President's proposals to do anything with social security in terms of turning it back or turning it over to the States, the goal is to establish the integrity of the financial structure. I think that will cover that aspect of your question.

Senator MOYNIHAN. Would you say you do not expect the President-elect to support the Republican platform?

Mr. SCHWEIKER. I would differentiate the definition of welfare. In other words, I don't believe he would include that as a welfare program.

Senator MOYNIHAN. You feel medicaid is not welfare?

Mr. SCHWEIKER. I am talking about social security.

Senator MOYNIHAN. The Social Security Act involves more. You mean the retirement benefits, for example?

Mr. SCHWEIKER. Right.

Senator MOYNIHAN. But medicaid and aid to dependent children are part of the Social Security Act.

Mr. SCHWEIKER. Again, this is the platform. I have to say that to give you a specific answer as to what his intentions are I would have to sit down with the President-elect and discuss specific proposals. I don't know of any immediate actions under consideration on this.

I do know that the proposals Senator Long and Chairman Dole introduced, which I cosponsored, will certainly be under consideration in terms of block grants for State welfare programs. I draw a distinction between something like that and something like social security.

Senator MOYNIHAN. Do you believe there should be a wholesale transfer of all welfare functions to the States? Now, that is what your party won the election on; that is what your party told the American people was good for them. Are we now going to find, once you are in office, that that was "boob bait"?

Mr. SCHWEIKER. I would have to ask your definition of welfare. Are you including social security?

Senator MOYNIHAN. Yes, in a general or generic sense; I include all the Social Security Act titles.

Mr. SCHWEIKER. I think where we differ is that I don't consider social security as welfare. I am not sure the platform writers did.

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Senator MOYNIHAN. Medicaid, sir?

Mr. SCHWEIKER. On medicaid we already have a Federal/State relationship.

Senator MOYNIHAN. Are you for transfer to the State government of medicaid?

Mr. SCHWEIKER. I personally am not for a complete transfer of it to the States.

Senator MOYNIHAN. I did not think you were. The platform said it is. Thank you, Mr. Chairman.

Senator HEINZ. Senator Danforth?

Senator DANFORTH. With respect to social security, you indicated that the first priority of the new administration on social security is to make sure that the system is kept alive and vital into the future.

Three years ago, the Congress passed the social security financing bill, which we were told would take care of social security at least until the 21st century. Now we are going to have to go back and look at it again, because the projections that the 1977 act was based on turned out to be very erroneous.

Is it your view that the next social security financing bill should be essentially a Bandid approach to take care of the immediate short-term problem of social security, or should we attempt to address social security looking down the road well into the 21st Century and make sure that we are acting responsibly in the long run?

Mr. SCHWEIKER. I would strongly oppose a Bandid approach. There is so much questioning and concern. I guess since I have been named the Secretary-designate, the one comment I have gotten from my constituents and from my friends is, "What are you going to do about social security? Your social security system is going broke."

I really detect a tremendous concern out there. I think my first responsibility is to propose, on behalf of the administration, a positive, constructive program that takes both the short-range and the long-range problems into consideration. I think to do one without the other is a mistake, because you are deceiving the people down the road.

I don't think we will ever let the American people know that we mean business in terms of the Government's ability to sustain a commitment to practical, ongoing programs to help people if we don't succeed with social security. I pledge that will be my recommendation when I come before the committee with proposals.

Senator DANFORTH. I am in complete agreement with you. I think that it is important for all of us, for the country, to realize, as Senator Dole indicated in his opening comments, there is no popular way to do it; you either raise revenue which we are just doing this month, or you adjust benefits, or you transfer money from the treasury; and there isn't any money in the treasury. That is about it.

Mr. SCHWEIKER. I think you probably have three options: raise taxes, reduce benefits, or gradually raise the age of eligibility.

Senator DANFORTH. That is a benefit reduction, really.

Mr. SCHWEIKER. Right, it really is. In the short run you have several options, such as changing the tax computation of the funds, or borrowing from general revenue funds. I think these are all hard decisions. I am surely going to make them and come back to the committee and propose solutions.

I think there will be some tough decisions. I think we will be shirking our responsibility if we don't make them. I know I am going to come back with some tough recommendations that will probably cause some disagreements here.

I think it is necessary for us to do it. Obviously, if the committee does not agree with the alternatives I suggest, I would be delighted to have them support other alternatives. I agree with you, this is really our responsibility, and we should not duck it any longer.

Senator DANFORTH. In another area, you were among other things the ranking member of the Subcommittee on Health of the Labor and Human Resources Committee. You had a really distinguished record in the Senate in the field of health legislation. One of the bills that you introduced in the last Congress was a catastrophic health insurance bill.

The position of the Carter administration was to favor comprehensive health insurance. Some Republicans, by contrast, including yourself, were making various proposals relating to catastrophic rather than comprehensive health insurance. The sentiment, I think, that was prevailing toward the end of last year was that any kind of health insurance bill costs money.

While a catastrophic health insurance bill does not cost as much as a comprehensive bill, it still costs money. Can we in the foreseeable future afford any sort of national health insurance?

Mr. SCHWEIKER. I think that it depends on how you define national health insurance. As you know, there was previously a Kennedy definition, and a Carter definition. I think my answer to your question would be that the only proposal that I see that would fit our budgetary crunch in the immediate years ahead would be a combination of some kind of catastrophic program with something that I would call "filling in the gaps," because, as we know, there are maybe 10 percent of the people who are not covered one way or another.

I think the answer would be that if we consider anything at all, it will probably be a combination of some kind of catastrophic coverage, with a fill-in-the-gaps approach. But in terms of budgetary impact, in terms of timing, in terms of getting approval of it, that will all have to be worked out. I think anything beyond that just would not fit either this administration's philosophy or the economic crisis that we face.

Senator DANFORTH. Thank you.

Senator HEINZ. Let me say to the members that we are still following, though it is hard to tell, the earlybird rule. There was an exception made at the beginning, but it was appropriate, which was when Senator Dole deferred to Senator Long.

Under the earlybird rule, the next person to be recognized is Senator Grassley, if we stick by our rules. I just wanted to explain that to my distinguished colleagues, Senator Boren and Senator Baucus.

Senator GRASSLEY. I appreciate the earlybird rule, considering where I am on the seniority list.

Senator Schweiker, during the past few years some of us in the Congress have been engaged in a running battle of sorts with certain

executive agencies. One of those includes the Food and Drug Administration, which will be under your jurisdiction, with regard to its efforts to ban or eliminate the use of nitrites as a meat preservative.

This past summer, it was demonstrated that the FDA had based its regulatory actions on flawed data and rather shoddy research and analysis of that research.

Speaking for myself, I found certain executive branch agency and personnel were more interested in pursuing their own preconceived notions of what should be done rather than taking a really objective look at all the facts. This fostered an adversary atmosphere between producers and the Government, and it produced fear and doubt in consumers.

I would like to ask you a question, not so much about this specific controversy, but in the general area of Government banning of certain products based upon scientific research. Are you aware of controversies like the nitrite ban by the FDA? What are your thoughts with respect to the problem generally, or that one specifically, and would you be willing to work with us in the Congress to insure that there is a sound scientific basis for regulatory action by those agencies which you will be administering?

Mr. SCHWEIKER. Yes, I am aware of it, Senator. I also led the fight in the Health Committee when the saccharin controversy came to light, which is a related issue.

I personally feel that we really have to redefine the Delaney clause and inject consideration of some kind of risk versus benefit ratio. It seems to me that our technology has exceeded our statutory language. We can find parts per billion and parts per trillion of ingredients, traces that we weren't able to detect when the Delaney clause was first passed. When we find anything in parts per trillion levels, I think you have to get to a more fundamental determination of "What is the risk-benefit ratio?"

I think the saccharin and nitrite controversies get into that, and I certainly will be very receptive to some kind of risk-benefit approach, which I think will answer a lot of your questions.

Senator GRASSLEY. This does answer my question. I was specifically going to follow up with a question on your thoughts in regard to rewriting the Delaney clause. You have expressed your opinion on that very well, and I appreciate that very much.

Mr. Chairman, am I in order to ask a second question on yet another subject?

Senator HEINZ. Yes.

Senator GRASSLEY. Thank you, Mr. Chairman.

This is in regard to work requirements in Federal public assistance programs. During the past Congress I introduced legislation that would allow States to impose work requirements on those persons receiving Federal public assistance. The idea was to allow the States to experiment with this concept, as opposed to taking precipitous action at the Federal level.

The prior administration was openly hostile to this idea and the bill that I introduced. I was wondering what your thoughts were, both on the question of work requirements and also in enacting permissive legislation that will allow States to undertake such efforts

initially on an experimental basis and then, if the results were productive and the results were good, on a permanent basis.

Mr. SCHWEIKER. Senator, I would favor such permissive enactment, giving the States leeway to make that decision.

Senator GRASSLEY. Thank you.

Senator DANFORTH. Senator Baucus?

Senator BAUCUS. Thank you, Mr. Chairman.

Senator Schweiker, all of us are proud of your efforts in the last several years in the health field. We are frankly lucky that the President-elect's nominee for HHS is somebody with your experience and caliber. Some of the other nominees have not quite the experience you have.

Given your experience in the general field of health and health services, I am curious about what you hope to accomplish. Looking forward to 20 or 30 years from now, how would you like to be remembered? Would you like to be remembered as the HHS Secretary who did one thing or another? I am sure in the next 4 years, perhaps 8 years, you will want to be remembered as the Secretary who accomplished one thing or another. I am curious as to what that is.

Mr. SCHWEIKER. Without hesitation, Senator Baucus, I would say that I would like to be remembered as the Secretary who put preventive health care and preventive medicine at the very top of the Federal medical agenda.

I know when I first became active in health legislation, maybe 10 years ago, prevention was sort of an outside long shot, and the Federal health establishment didn't pay much attention to it. I am pleased to see that now there is acceptance of preventive health care within the establishment; but I don't think it has been raised to a level of highest priority.

I would like to see it there in terms of a reimbursement policy, which I think is very important. I would like to see it there in terms of research. It seems to me that we ought to put emphasis on research projects that keep people well and avoid disease, as opposed to finding out what to do after they are sick.

I also would like to see us promote health in terms of individual lifestyle. Of course, I am prejudiced. I happen to be a 2-mile-a-day jogger, so I am a practitioner of it.

I really think preventive health care, elevating it in terms of Federal policy and research and of education, are the things I would like to emphasize.

Senator BAUCUS. I am curious as to how you see your role in the administration's efforts to balance the budget. All of us want to balance the budget. The deficit is very high. At the same time you mention in your opening statement most Americans are ravaged by inflation, and especially senior citizens, with respect to medicare payments and health care costs.

As you know, the HHS budget is about a third of the total Federal budget. I am curious how you see yourself solving this dilemma. To what degree do we help our senior citizens by increasing their benefits, particularly as inflation hits them harder each month, each year.

On the other hand, are you going to be advocating a third proportionate cut in the Federal budget because the HHS budget is about a third of the total Federal budget?

Mr. SCHWEIKER. Senator, I think one of the most awe-inspiring things when you get briefed by the Department is the fact that the HHS Department spends more money than any other country in the world except the Soviet Union. It spends more money than all 50 States combined. It spends \$600 million a day. That is a pretty awe-inspiring managerial colossus to get hold of.

I have to believe that with that size budget we ought to have a lot of virgin territory in terms of where to look and what to do to achieve savings. I know a couple of years ago when I was in the Appropriations Committee I found a number of GAO recommendations that weren't put into effect, weren't followed by the Department. I really believe that there is lots of opportunity here, with the advice of GAO, with the Inspector General, with some work this committee has done in medicaid fraud, to zero in and bring down the figure.

Senator BAUCUS. I think that is right. As you may be aware, the GAO report last month states there is a \$15 billion annual loss to the social security program due to counterfeiting of social security cards and other abuses.

Mr. SCHWEIKER. I assure you that before I spent 20 years in politics, I spent 10 years as a business manager. I am going to try to instill some of that perspective into some of these overall programs. I think your point is well taken on social security.

When you have an item that is over 70 percent of the total budget of the Department, you ought to be watching what is happening there.

Senator BAUCUS. Thank you.

Senator DANFORTH. Senator Symms?

Senator SYMMS. Thank you, Mr. Chairman.

Senator Schweiker, I am delighted with your nomination by President-Elect Reagan. When you called me, I think I said something very much like Senator Long said to you, except my voting for you dates back further. I voted once for you already in Kansas City in 1976. I was very proud to have done that.

I am glad to see your wife here this morning. Due to her family I had an opportunity to meet you in Kansas City. I do think you will be an excellent addition to the new Reagan administration and I am delighted about your nomination.

Senator Danforth mentioned the subject of catastrophic insurance and I wanted to question you as to whether you had any ideas concerning the fact that every time a new program is devised that provides "free medical care," an artificial demand is created and the cost of the program escalates uncontrollably. How will the Reagan administration be able to maintain its credibility in cutting Federal spending, when artificial demand cannot be controlled in current programs, or does the Reagan administration have a plan for decreasing artificial demand?

Mr. SCHWEICKER. I think that is a very important point. As I look over HHS, one of the real problems I see with a \$221 billion budget is the phenomenal growth of programs once they are installed.

If we are to focus on something in terms of future deficits and problems, it seems to me that careful projection of long-term costs is a high priority, not just how a program starts, but how it may grow.

I will assure the Senator in this case that if we do come up—and I don't know that we will or won't—with a program, the only possibility I can foresee in this area would be catastrophic, as opposed to national

health insurance or any other program. If we do make a proposal, it would have strict parameters in design, limiting and specifying how it may grow. I think this has been one of our serious errors in the past, that we have put programs in and then just watched them grow through the roof.

I would concur with your point. One possibility, too, is to encourage the private sector to help in regard to catastrophic protection. I assure you that in any program we may present—I have no idea if we will or won't present one because I have not had a chance to discuss it—we will have defined parameters so that the program won't creep and tend to grow like Topsy, which I think has been one of our major problems in the past.

Senator SYMONS. Thank you very much.

Senator, one other question which I would like to raise with you and then return my time back to the chairman, is the subject of PSRO, which many of us have been acquainted with over the past years. In fact, if one looks back at the history of PSRO one will find that the AMA originally accepted money from health service agencies to develop and promote PSRO. Now their delegates have voted to repeal it.

I personally have introduced legislation in the past to repeal PSRO because it diminishes the patient-doctor relationship which is so important to delivery of good health services. Would you be willing to have the Department study this issue very carefully, to determine whether PSRO is a cost-effective approach in attempting to control health care costs?

Mr. SCHWEIKER. I think one of my responsibilities in terms of the fiscal and budgetary picture is to do exactly that with all the programs.

Let me say that in regard to the PSRO program in particular, I really put that review at the top of the list, because there have been some budget analyses now that show we are getting far less out of it than we are putting into it. I don't know if those budget analyses are accurate as yet. If they are accurate, then I certainly will put that at the top of the list for repeal, because it seems to me that ought to be our standard.

If the program does not produce, if it does not return our investment in terms of savings, there is not much reason to have it. I don't want to make a final judgment because I have not analyzed the figures, but the preliminary figures are not very encouraging. In fact, they are discouraging. We are putting more money into the program than we are saving.

I agree with your point on the need to do an analysis of it. PSRO's would be at the top of my list to really scrutinize.

Senator SYMONS. Thank you very much.

Thank you, Mr. Chairman.

Senator DANFORTH. Senator Bentsen?

Senator BENTSEN. Senator Schweiker, we have served together for 10 years in the Senate, a body which is, I think, a pretty good crucible to test the integrity, and ability, and compassion of a man. I must say when you chose not to run for the Senate in 1980, I thought it was quite a loss to Pennsylvania and to the Nation. I am therefore very pleased to see that you were nominated for this position.

I would like to ask you a question about one of the most controversial subjects that we in the Congress and the President-Elect will have to face, and that is, the question of immigration.

There are 4.2 billion people in this world. One-fourth of them go to bed hungry every night; another fourth suffer from malnutrition; half of them would move here tomorrow if they could. The issue of immigration will be one of the most difficult for us in that it will test the limits of our compassion. It will require that we examine what must be done to sustain our system of government and our standard of living, and it will challenge us to find creative ways to use our diminished resources in helping Third World countries.

To resolve these problems effectively, it will be necessary to put together a package that addresses the question of identification. And that brings us to the issue of social security. There is concern among civil libertarians that requiring national identification cards would constitute an invasion of privacy. Yet when I go down to cash a check, I am asked to show my driver's license. I don't consider that request an invasion of privacy.

There is a controversy over whether we should have a noncounterfeitable social security card. I would plead with the Secretary not to tell me there is no way we can afford it. I don't believe that. If 50 States can issue driver's licenses, I don't know why we can't have a noncounterfeitable social security card.

Have you any preconceived ideas on this approach?

Mr. SCHWEIKER. I really have no preconceived ideas. I think it is important to note that President-elect Reagan just met with the President of Mexico, as you, I am sure, are well aware. I am sure at some point, with the President-elect's proposal for a North American accord, this issue has to be on the agenda, as to how it affects the relationship between our two countries.

I guess what I am saying is that I am openminded on the issue. I will be waiting to see, first of all, if something can be worked out between our two countries in this area. If it can, obviously we would implement and enforce it.

On the other hand, if something cannot be worked out, then I think we have to look at the problem on our own and see what is best for us. I have no preconceived ideas. I know some of the pros and cons involved. I am openminded.

Senator BENTSEN. Mexico has an identification card system to address the very problem we are talking about, people coming in from neighboring countries and regions such as Guatemala, Nicaragua, and Central America; so such a system can be implemented. When I talk about a noncounterfeitable social security card, I am not suggesting that a card alone will resolve the immigration problem. A truly effective immigration program would have to include several interrelated components. It would require (1) some kind of forgiveness (which we have done a number of times in the past), (2) a temporary work permit system; (3) a form of personal identification, and (4) some enforcement mechanism for those employers who violate the program regulations. So, I would urge very strongly that you give some consideration to the part that your Department will play in the development of a means by which to control the influx of immigrants.

Mr. SCHWEIKER. I certainly will, Senator Bentsen. I know you have been very active and very forthright in this field.

I really feel that we have a responsibility to act. I am not prepared to say how or why or to give specific answers, but I really feel that the Department has a responsibility to develop a constructive position.

Senator BENTSEN. Everybody ducks and says that this proposal won't work, or that proposal won't work, but they won't offer suggestions that will work. Yet we will have to resolve this problem.

Senator DANFORTH. Senator Boren?

Senator BOREN. First, I want to say that I am delighted that the President-elect is sending Senator Schweiker's name to us for confirmation. Having worked with him, I have been extremely impressed by his knowledge in this field. I think he has that capability to balance compassion with the courage to make changes to insure cost effectiveness that are vitally needed in this position.

I think it is a tribute to the President-elect that he would select Senator Schweiker for this position.

I was very pleased to hear what you had to say about building competitive incentives in the health care system. Of course, you have been a pioneer in that field. Senator Durenberger and I and others have also introduced legislation. I am pleased to hear what you have said about transfer of welfare programs back to the State and local level.

Senator Dole and I introduced a bill to allow pilot programs in States which would more or less give the States the same amount of money they are now receiving for welfare programs, particularly AFDC, and then allow the State complete flexibility to come up with cost-saving programs of their own, and in essence derive benefit at least in the pilot period from any savings they can undertake.

You say you generally support this philosophy. Could we expect not only your passive support but also active support in assisting passage of some kind of program that will allow pilot programs to develop State welfare proposals?

Mr. SCHWEIKER. The answer is "Yes."

Senator BOREN. Let me ask this: We talked about the entitlement programs and the necessity of saving money. I know there are many areas in the Department where we can have savings. In your evaluation of areas in which we can have cost savings, would you include all the entitlement programs in this evaluation, including automatic escalator clauses that exist in many of these entitlement programs?

Mr. SCHWEIKER. You have raised a very good point that I probably should have touched on earlier in response to one of the questions on the budget.

I recounted how big the HHS budget is. It is awe inspiring. Probably the members of this committee know that 94 percent of this money is set in entitlement programs by law. So if anybody is really talking about getting a grip on the budgetary process, not just at HHS but also across-the-board, we are going to have to deal with the entitlement programs in some way.

I think it is important to note this, because going back to one of my other answers, one of the real problems as I look at the HHS budget figures is the phenomenal growth rate of programs. I think that we have to look to our entitlement definitions to see if we can't either restructure them in terms of growth, which is how you may avoid hurting the people who are currently getting benefits, and also to look at

new programs in terms of growth potential and the need for limits.

I would hope that this committee would join me in doing that as part of our common mandate.

Senator BOREN. You are talking about more carefully targeting the groups that will receive the benefits?

Mr. SCHWEIKER. Yes, and more carefully defining how growth occurs, under what conditions.

Senator BOREN. There has been a great deal of speculation that the new administration may propose abolishing the Department of Education and transferring its functions back to HHS. How would you react to that kind of proposal, and would you feel that HHS would be the proper repository for receiving back the functions of the Department of Education if that move did go forward?

Mr. SCHWEIKER. My best guesstimate is that no final decision has been made on that as yet by the President-elect. It is clear that he said through the campaign that he did feel it should be abolished: it should never have been created in the first place. I have made no representation to him about where it should come back to, partly, I guess, because I have enough problems right now.

By the same token, I am openminded on it. If the President wants to go through with that proposal, obviously I think some of the programs would come back to HHS. I remember very clearly Joe Califano's statements on this, which I thought was quite interesting. Joe Califano opposed the splitup of HEW because many of the special education programs went into poverty areas, some of the urban areas which were also served in other ways by other mechanisms. He felt that to have duplicate sets of mechanisms delivering services to the same groups of people and areas was not cost effective. He opposed it on that basis.

I guess if the Department of Education does come back—and I won't speculate whether it will or won't—I would certainly think that cost effectiveness reasoning would apply, with respect to putting programs where you already have an in-service delivery system.

As you well know, we still have Head Start in HHS, which is obviously tied closely to some of the education programs. I think that would certainly be a consideration.

Senator BOREN. Thank you very much.

Senator DANFORTH. Senator Durenberger?

Senator DURENBERGER. Thank you, Mr. Chairman.

One of the measures by which we are going to judge you—I don't know whether you are going to be Gulliver, going in with the Lilliputians or not—but one of the easy measurements we have is when you stand up at the end of these hearings and two-thirds of the room stands up with you and walks out the door, then we know the Lilliputians came in with you.

Mr. SCHWEIKER. My small staff may leave; that is all.

Senator DURENBERGER. Speaking of progress, you also know when the Lilliputians tie you down in the Department, particularly given your background as Congressman and Senator, a lot of times they are tying you down with some of your own work product. In other words, there is a lot of what we characterize as bureaucratic legislation which is actually implementing some lousy, or perhaps ill-advised, policy made by Congressmen and Senators.

As we look at the health care field, in which I have taken a lot of guidance from your own initiatives, we have a variety of ways of approaching the problem of high cost that drives people out of access to health care. We can put more money in and subsidize their access. That is the one that has been called national health insurance around this place for 10 or 12 years. Or we can try to artificially control the cost.

Steve asked you about PSRO. Another alternative is to try to break away from all of that and try to get into competition. I think I know where you stand on that.

Let me ask you about how we get to a competitive consumer choice, getting the individual involved in his own health care system. We don't do it overnight. You talked about demonstration; but we are still dealing with a system that increased last year 17 or 18 percent in cost. Every time it does that another million people are dropping out of the system.

So there has to be some value to some restraint, whether it is PSRO or health systems planning or HCFA or whatever it is. We may not like these forever. I am assuming they have some value.

I would like you to explore with us for a minute how you see the present regulatory process in a period of transition from the system we have today to a system that might be more competitive, unregulated and so forth, the role of rate review, HCFA in your Department, health systems planning, some of these artificial governmental involvements.

Mr. SCHWEIKER. I think my approach will probably be a combination of selecting a few prototype models that we feel would be responsive to this problem, putting them into place, along with some changes in the reimbursement and tax incentives pictures that this committee has been quite active in, I might say, tailoring the package to emphasize the competitive approach.

I guess my answer would be to combine some demonstration projects along with some reimbursement policy incentives that would reward competition.

Senator DURENBERGER. Let me ask you more specifically about some form of hospital cost containment. We defeated the Carter proposal here last year by one vote, 11 to 10, but the costs are still going up 18 percent a year. Do you have an opinion about the need, temporary perhaps, for some form of rate containment either on hospitals or some other part of the system?

Mr. SCHWEIKER. I would be against any regulatory, federalized approach. On the other hand, I think the burden does shift to those who advocate the voluntary effort. I think we have to make those people who support it—and I am one—produce results.

It would certainly be my intention as a Secretary to resurrect and reinforce voluntary efforts, and not threaten antitrust litigation or some of the other things that I thought were being used as a smoke-screen instead of a real effort to move ahead with the voluntary effort.

Senator DURENBERGER. Thank you.

Senator DANFORTH. Senator Byrd?

Senator BYRD. Thank you, Mr. Chairman.

I want to say to you, Senator Schweiker, for the record what I said to you personally. I am delighted you have been appointed to this

very important position as Secretary of Health and Human Services. Of course, I am pleased to support your confirmation.

In our discussions you have covered many of the areas of interest that I had and others have been covered today. I have just one question. It deals with social security, which I think is more important to more people than any other Government program. I think that both the Congress and the executive branch have a deep obligation to see that funds are adequate and are protected so as to be available to those when they retire.

My question is: Would you favor continuing the present system of a social security trust funds, or do you feel that that should be supplemented by general revenues?

Mr. SCHWEIKER. I basically favor continuing the social security trust fund approach. I think that some of the options we have can be implemented using that basic system. I would not favor switching the system to general revenues.

Senator BYRD. Thank you.

Mr. SCHWEIKER. May I respond 1 more minute to Senator Byrd? I know Senator Byrd has been vigilant on some of the economic problems we now face. I guess you can rightfully say our chickens are coming home to roost. I really think it is very important to reestablish our credibility in the social security program. I think that will be viewed by the people as a key test of whether the Government can perform, whether it will make a commitment that is really permanent and whether it can keep its own house in order.

I want to reemphasize to you—and I know you have been concerned about it—how strongly I feel about that.

Senator DANFORTH. Senator Matsunaga?

Senator MATSUNAGA. Having served with you both in the House and in the Senate, I am truly delighted that President-elect Reagan has chosen you from among us to serve in the important post to which you have been nominated. I wish to congratulate you.

As I told you earlier in our private conversation, I don't think you will have any problem in being confirmed.

Mr. SCHWEIKER. My problems will start after I am confirmed, I suspect.

Senator MATSUNAGA. You may be right. Having appeared before this committee previously, you will also note some changes. We on this side are in the minority, which is a first time experience for me in my entire political life; and I am told I can expect some problems, too. During the previous congressional sessions, when I used to walk through that door I always used to turn right to get to my seat; now I turn left—true to the old saying that if you want to be a liberal, go to Harvard and turn left. [Laughter.]

You are familiar with the Hawaii Prepaid Health Care Act, I presume? We have discussed this matter on the floor a number of times. Here, I think, is an example of what a State can do to bring about universal health insurance at a reasonable cost.

Hawaii, I think, is leading the Nation by providing 98 percent of its population with adequate health care at a cost of less than 60 percent of the national average, per capita. Yet there are those who would like to do away with Hawaii's health care program for fear that such a program at the State level would lead to a national health insurance act.

As you recall, ERISA was enacted and a Federal district court interpreted ERISA to have preempted Hawaii's Prepaid Health Care Act. We are still in the appeals court, trying to determine whether or not the Congress did, in fact, intend to preempt the Hawaiian Prepaid Health Care Act by the enactment of ERISA. I think the lower court erred in deciding that Congress did so intend, even though in the final analysis it said it was up to the Congress to clarify this issue by amending ERISA if it did not so intend. Since then we have been trying to do exactly that, so far without success. We managed to pass a saving amendment twice in the Senate, but it failed twice in the House of Representatives.

How do you feel about a program such as the Hawaii Prepaid Health Act? Would you encourage it? Would you discourage it?

Mr. SCHWEIKER. Senator, let me first say that I would concur with you. I think Hawaii has done an outstanding job in its State health program. I would suspect that if other States had done as well, I would not have some of the problems confronting me in some of these areas that I do now.

So, first, I want to commend you.

Second, I know when the issue has come up before our Health Committee, I have always been willing to write an exemption for Hawaii because of its very unique situation. I felt this was not favoritism to Hawaii, but simply a reward for what I thought was long, hard work and leadership in this area. I didn't feel Hawaii should be penalized by a federalized approach, which would probably make the programs worse instead of better.

So, you can be assured, as Secretary of Health and Human Services I would keep the integrity of your system.

Senator MATSUNAGA. I appreciate the support you have given me while a Member of the Senate. I was expecting you to give that answer, and I thank you for it. I am sure the people of Hawaii will be gratified to learn of your position.

Senator DANFORTH. That completes the first round of questioning.

Senator LONG. Mr. Chairman, I have some questions here from Senator Proxmire. I think as a courtesy to all Senators we should see that the questions are either asked or submitted to be answered. I have been looking them over. If I were sitting there, as you are, Mr. Secretary, I would want to think about it before I answered them.

You might by now be feeling sufficiently confident that you might want to fire away and give your views now. I will give you one question as an example, and you can see if you want to answer it now or think about it. Let me submit one of them to see how you react to it.

Here is the question:

Suppose you had to reduce budget authority by 20 percent, 30 percent, 40 percent, and 50 percent, where would you recommend the cuts take place? Your priorities should include entitlement programs.

Do you want to have a shot at that question right now?

Mr. SCHWEIKER. I appreciate your understanding about the question. [Laughter.]

Let me just say it does relate back to another question that one of the Senators asked me on entitlements. It is fine to say we are going to cut a \$221 billion budget. I will do my share. By the same token, when 94 percent of funds are in entitlement programs, cuts cannot

occur to the extent that Senator Proxmire mentions without basic changes in the statute.

I think this is an area where the Congress and the Department have to work together to find out what we can agree on that would be fair and equitable and, not as I think President-elect Reagan has said many times, not stop support of the needy people in this country.

I am prepared to do it. I think it is an arduous and long-ranging task that will take everybody's efforts and cooperation.

Senator LONG. I think that if I were in your shoes and I were asked how I would go about cutting that budget 50 percent, I would say, personally, I would like to take the oath of office before I would cut the budget 50 percent. Frankly, if you get too specific about those cuts, you might never take the oath of office.

I am going to ask one or two more of Senator Proxmire's questions, and then I am going to submit the questions and I suggest you answer them in your own way for the record. You might want to visit with Senator Proxmire between now and the time we get back in here on the 20th. Maybe you can better satisfy him about this, because I will say, if you are prepared to respond to all these questions in a way that would be satisfactory to the Senator, you are going to be more than a good administrator; you are going to be a good magician.

Here is another question :

Specifically, how and where do you plan to cut the burden of paperwork imposed by your Department's laws and regulations?

Mr. SCHWEIKER. One thing I would like to see is some assessment of the different forms that we require to be filled out, how many pages they are, and what can be done to shorten or eliminate them. I haven't made a canvass of the paperwork yet, so I am not prepared to say how much can be done, but I would concur with the thrust of the question.

The burden of proof is on us to look at the paperwork we are requiring and see if 10-page forms can become 5-page forms and 3-page forms can become one. When you spend \$220 billion, you have to have some forms or you will not be able to be effective or ensure accountability.

I will do my best to reduce the form size, if that has not yet been done.

Senator LONG. Here is the rest of that question : "Could you provide me a timetable by March 1?"

Mr. SCHWEIKER. I may not even have my full staff by March 1, Senator, but I certainly am going to do the best I can with the blessings of the Senate, hopefully. I won't even be in office until the 20th, and after that it will be sometime before I get my Assistant Secretaries and Under Secretary through committee. Hopefully, I will be in a capacity to respond by March 1; but we are going to set up priorities to insure that things such as social security, which was mentioned here, and some of the other really urgent problems will get top priority. But I can't promise that all of them will.

Senator LONG. I hope Senator Proxmire will not object if I simply submit these questions. They are 12 in number. They are demanding questions, but he certainly has a right to insist that you provide as much information as you feel comfortable in providing.

Mr. SCHWEIKER. Let me say I will be glad to respond. Let me say he is going to have a lot more opportunity to pursue this, because he is the ranking Democratic member of the Labor-HEW Appropriations Committee that I will be appearing before regularly. So Bill and I will work closely together.

Senator LONG. He can be tough, as you know. I have discovered that many times around here.

We would appreciate it if you would provide that information as soon as you can.

Mr. SCHWEIKER. I will.

[The questions of Senator Proxmire and Mr. Schweiker's answers thereto follow:]

QUESTIONS FROM SENATOR PROXMIRE

Question 1. If your department were required to reduce its total budget authority by 10 percent for fiscal year 1982, where would you make the cuts? Your priorities should include entitlement programs.

Question 2. Suppose you had to reduce budget authority by 20 percent, 30 percent, 40 percent, and 50 percent. Where would you recommend the cuts take place? Your priorities should include entitlement programs.

Answer. First of all, I would work to eliminate fraud, waste and abuse in HHS programs, giving high priority to a vigorous Inspector General's office. Beyond that, certain types of expenditures—consultant contracts and construction funds come to mind, for example, and need to be reviewed to see if they can be eliminated or deferred until the economy improves. In addition, ways to streamline management to achieve savings should be initiated. The GAO has some recommendations on data systems, fiscal controls and other improvements that could be implemented administratively, and I would certainly want to focus on those ideas.

Obviously, deep cuts of any kind would have to involve entitlement programs, since only 5.7 percent of the fiscal year 1981 HHS budget is not entitlements. These kind of changes, of course, can only be made by the Congress. Social Security expenditures alone account for 70 percent of the budget. Decentralization and returning some program administration responsibilities to the states should help reduce costs.

I would add that the single largest factor driving up the HHS budget has been inflation (i.e., \$27 billion this year alone), and controlling inflation through a variety of means, including spending restraints, is going to be a high priority in the Reagan Administration.

Question 3. What is your goal for total employment in your department as of October 1, 1981 and October 1, 1982? Could you supply me with your personnel cut timetable by March 1?

Answer. The President-elect has made his thoughts clear during the campaign in terms of the need to freeze and begin to reduce federal employment across-the-board. It's still a bit premature to set specific goals at this time, until I take office and review possibilities for reducing the bureaucracy.

Returning more responsibilities to the states, if we in the Executive Branch and Congress can agree on and achieve that goal, should reduce the number of personnel required, although the civil service system, as I understand it, will make it difficult to cut employment significantly except by attrition. As you know, HHS has some special problems in this area; roughly half of the positions in the Public Health Service are in patient care, according to the information supplied by the Department at my request. Unless the responsibility to provide care is eliminated by Congress, personnel reductions would be difficult in these areas.

Question 4. As you know, many of the programs under your department involve grants to the States, many of which are running a financial surplus. In many cases the State matching requirement is set at only 10 percent or even less. Would you favor a reduction in the federal funding of these programs to 50 percent of last year's level?

Answer. Some States, but not all the states are in enviable financial shape. At this time, I am not prepared to advocate a 50 percent cut in programs providing funds to the states. I do not think the President-elect has made any specific decisions in this area and I have not discussed such a proposal with him. I suspect,

however, that there may be good reasons not to apply the same treatment to all state grant programs. In some cases, we are talking about national goals, in the sense that failure of one state to continue program efforts, (for example, maintaining rates of immunization against communicable childhood diseases) has consequences far beyond that state's borders and could jeopardize health nationwide. I do agree, however, that we may be asking the states to demonstrate their commitment to these programs more concretely by identifying more clearly how much of their own resources they are willing to contribute. I would welcome any specific suggestions you have on particular programs.

Question 5. What specific reforms will you recommend for reducing waste and fraud in the Medicaid, Medicare, and AFDC programs?

Answer. As I have stated, I plan to give strong support to an effective Inspector General's office department-wide. I will also be considering recommendations developed by members of Congress and particularly the General Accounting Office. Some of the ideas that the President-elect and I have considered promising with respect to reducing costs and improving the AFDC program are contained in the welfare reform proposal I cosponsored last session in the Senate, S. 1382, introduced by Senators Long, Dole and other members of this Committee. I hope my efforts to improve state Medicaid management information systems, through an amendment adopted last Congress, will result in savings by reducing errors and improving management. Lastly, the move toward expanding the role of states and localities in the programs now operated by HHS may help because states and localities are much closer to the situation than federal officials in Washington, D.C., and can see the problems in the field.

Question 6. How much money do you think these reforms will save?

Answer. This kind of prediction is extremely difficult to make. Estimates range from \$1 billion to \$7 billion. A lot will depend on which initiatives we are able to implement, and how quickly. In addition, on some initiatives we will need Congressional support.

Question 7. What specific programs will you recommend be eliminated?

Answer. Many HHS programs need careful review, and many will be coming before the 97th Congress for a decision on whether or not they should be continued. We need to look at what the original program goals were, whether or not they are still relevant or desirable, and whether existing programs are achieving the desired results. I have also been concerned about the projected growth of some programs, (for example, the planned four-fold expansion of the National Health Service Corps, in the coming years, at tremendous cost and without clear and convincing evidence of need) which may necessitate trimming rather than outright elimination of the program. Another example that will get particular attention is the Professional Standards Review Organization (PSRO) program, highlighted by Senator Symms at this hearing, in light of reports that it is not achieving its goals and is costing us more than it is returning in terms of cost and quality of care.

Question 8. Do you see any change in the relative priorities established by the previous administration in the health care field in such areas as training, research, prevention, and delivery of services?

Answer. Yes I want to give prevention and health promotion activities, including prevention-oriented research, higher priority. I also think that there will be a return to the idea that the appropriate role of government is to fill in gaps when non-governmental means are insufficient to fill or can't fill. We'll be looking for more ways to use the federal government to complement and provide incentives for the private sector, states and localities to solve problems, and removing government-imposed barriers to new ideas and fair competition. There will be a definite turning away from schemes to create unneeded, federally-subsidized systems that compete with private efforts.

Question 9. What Department regulations will you end or curtail? What is your time-table for achieving these cuts in regulation? Could you supply me with this time-table by March 1?

Answer. It's too soon for me to speak for the new Administration with any great degree of specificity about particular regulations, but I think it is clear the Reagan team will be reviewing any proposed new rules, and the regulations already on the books, to eliminate those that are not needed. Giving the states more flexibility in HHS programs, such as AFDC, would help eliminate unproductive federal regulation. During the hospital cost containment hearings, I was tremendously impressed by the incredible amount of regulation on hospitals.

To make my point, I actually wheeled in a shopping cart overflowing with tangible evidence of this burden, and I will certainly be focusing on this area. I have also advocated some changes at the Food and Drug Administration, such as beginning to "deregulate" earliest stages of drug testing in ways that do not jeopardize the safety of human research subjects. FDA's comprehensive program of antibiotic batch certification is also generally considered to have outlived its usefulness. The list goes on, and I'm sure I'll discover many more as I take charge of the Department.

Question 10. Specifically, how and where do you plan to cut the burden of paperwork imposed by your department's laws and regulations? Could you supply me with your time-table on cutting paperwork by March 1, 1981?

Answer. The changes alluded to in my last response on reducing regulation would certainly cut paperwork. The new Administration will be working to curb duplication in information collecting activities. I think there are also a great many reports that are prepared but never read (perhaps even some required by the Congress in statute!), which are not useful to anyone. Last Congress, I introduced legislation to cut FDA paperwork by providing for more use of detailed comprehensive data summaries as part of the drug approval process, instead of requiring routine submission of mountains of raw data, often hundreds of volumes, to FDA. I also worked on a bill to allow experiments designed to reduce unnecessary paperwork burdens on NIH-supported researchers and free them to do their jobs. Of course, as you have so often pointed out, we must be careful to ensure proper accountability for research funds.

Unnecessary paperwork, like unnecessary regulation, drives up costs, contributes to inflation, reduces business productivity, and discourages Americans from pursuing important new ideas, on their own or as part of a federal program.

Question 11. Do you plan to shift any of the costs incurred by your agency to the users of the services the agency provides? If not, why not? Why should the general taxpayer continue to subsidize the interests that derive service from this department?

Answer. I would certainly appreciate any specific suggestions you have in this matter. There are some obvious cases: for example, Community Mental Health Centers have been criticized for not adequately seeking out payment for their services, including reimbursements from insurers, and I certainly agree that centers ought to improve their collection practices. The National Library of Medicine already charges for its services, and I understand from the Director that the charges have not dampened demand. There are also charges for filing FOI requests, though agency officials tell me that the fees do not nearly cover the costs, especially when records have to be reviewed to make certain trade secret and confidential commercial information is not released. Of course, the purposes of FOI could be subverted if the fees become prohibitively high and serve to deny access to information. NLM's charges, FOI fees, and some other revenues attributable to HHS programs go into the Treasury's general funds, I understand, not to HHS.

Question 12. What changes do you propose to make in the general operation of the Department? When will you have these changes completed?

Answer. Improving departmental management is obviously a short and long term goal; it is going to be a continuous process, I would expect, over the next four years. There will probably always be some room for improvement. I have already mentioned changes I intend to consider in terms of scrutinizing the continuing need for HHS programs, reliance on outside consultant contracts, and reducing paperwork and unnecessary regulation. Perhaps the most important changes will relate to how the new Administration approaches the issues: backing away from the trend of increasing involvement except to fill gaps; helping to mobilize the resources of the private sector, individuals, and states and localities to solve our problems; and stressing the need to build and maintain a close, cooperative relationship with the Congress in improving the design and performance of the many HHS programs that Congress has established, and in which Senators and Representatives continue to take an active interest.

I plan to consider the reorganization proposals that have been developed as ways of improving departmental management. Action in such matters demands careful review, and it may be premature for me to reach final conclusions before taking office and before the Administration's policy on the continuance of the Department of Education is determined.

Senator DANFORTH. Senator Moynihan?

Senator MOYNIHAN. I don't want to prolong the hearing. You have been so helpful to us. I just want to make some comments and ask a few questions.

On Senator Bentsen's question about the social security card, it was very pleasing to me to hear you respond as you did. We had legislation in the last Congress that would simply provide for phased-in introduction of social security cards printed on banknote paper, nothing very extraordinary or complex. It was the adamant position of the Secretary of HEW that it couldn't be done. Of course it can be done.

I do want to go back to the question of the welfare program as generally described.

In your fourth year in office, sir, you will observe in ceremonies in the Department the 50th anniversary of the Social Security Act. That act was a great event in our social history. It stated that there would be national levels of common provision, that we would have some national standard.

The Republican platform this year has said no to that. It has said we will return all welfare programs to the States.

Now, I cannot imagine a Committee on Finance presiding over the suspension of the Social Security Act, and I cannot imagine Richard Schweiker proposing it; yet I thought I heard a different answer to the question posed by my colleague from Oklahoma, who asked, "Are you prepared to see these matters turned over to the States and the States benefit from the savings?" And you said yes.

Now, I am obviously not trying to get you into a conflict of statements. You did not mean that. You know one of the purposes of the Social Security Act is that regions and States should not benefit themselves at the expense of their poor. Since 1970 we have not seen welfare costs go up. We had a hearing in this committee, our subcommittee, last year, in which Prof. Leonard Hausman of Brandeis said, "Real welfare benefits across the country are in stark retreat." You know who they are, dependent children, 35 percent of them under 6 years in age. They are not candidates for the work force, not yet.

Taking the 20 States represented on the finance committee as a sample, Professor Hausman showed that welfare benefits in 12 of them had shown a decline. In your State of Pennsylvania there was, between 1973 and 1978, a 16-percent loss in purchasing power. In Philadelphia a family of four has \$3,220 a year to live on. My State has the same kind of experience.

Are we going to move away from the principle of a national standard? Do we want to get back to a situation where States compete with each other in terms of how long their levels of social provision are? I don't think you want to do that.

Mr. SCHWEIKER. My response to Senator Boren was based on a bill that Senator Long and Chairman Dole and I cosponsored. That is why I said yes. I said no to social security and medicaid. That is the distinction I made.

Senator MOYNIHAN. So, in your mind, the word "welfare" does not mean medicaid?

Mr. SCHWEIKER. It does not, in my mind; that is correct.

Senator MOYNIHAN. Does that mean, once again, you are going to cut out the kids?

Mr. SCHWEIKER. In what respect?

Senator MOYNIHAN. We will cut out, and return to the States, the provision for dependent children? They don't vote. I am not saying you will do that.

Mr. SCHWEIKER. Let me say I have campaigned extensively this year with Governor Reagan and there is no question that he has made a commitment in terms of this kind of welfare grant program. He specifically cited the Dole-Long bill as part of his platform. He said it. It is on top of the deck. He called it that way. That was his position. That is what I was referring to in terms of my answer to Senator Boren. That is his program. That is what he campaigned on.

Senator MOYNIHAN. That is a great answer and I thank you very much.

Senator DANFORTH. Senator Bentsen?

Senator BENTSEN. Senator Schweiker, you, just as I, have been in many a nursing home for the aged and it is often a very depressing situation. I have been very concerned about trying to do more in the way of health care for the aged. I think elderly persons live longer, are happier, and continue to be more productive if allowed to remain at home, but often find themselves forced into nursing homes because of the necessity of obtaining health care.

We have made some progress in that area but not enough. Have you any additional thoughts about what we can do in that regard?

Mr. SCHWEIKER. I think it gets back, Senator Bentsen, to cost-effectiveness. It just seems to me that there is a lot that you can do in terms of cost-effectiveness in home health delivery, as opposed to in-hospital stays.

I think we should not only look at that aspect of it, we also should look at reimbursement procedures and try to find a way to encourage people to participate in a system, without expanding demand, as was mentioned a moment ago. But I think it is extremely important to invest our resources in the less costly approaches. I happen to view home health delivery as one.

Senator BENTSEN. I agree with that answer.

My next question concerns the disabled. There are some problems in the limitations and criteria we have imposed on acceptance of employment by the disabled. In some cases disabled persons have been reluctant to accept employment, because it results in a reduction of social security benefits. In essence, they are put in a position of being unable to work though they consider productive employment both necessary and desirable.

Have you any thoughts as to what might be done to encourage the disabled in this regard?

Mr. SCHWEIKER. I think that the disabled have a unique problem in some respects. For a while it was a question of are we going to put them in the mainstream of things. So there was a big effort and a new program to do that, which I strongly support.

On the other hand, I think, depending on the disability, there is a limitation to that, too, and I think we have to recognize that in what we require so we don't push them all out the door into the mainstream when they, for mental or physical reasons, can't cope with it. I think we have that responsibility.

On the other hand, I think where they do have that capability and they can participate, we should encourage it. My answer is that we need a selective approach, and a little different approach to those who for one reason or another may not be able to "mainstream it," as we say.

Senator BENTSEN. My concern is that in the transition period there are penalties imposed in the way of disability assistance reduction that sometimes create a disincentive for the disabled to try to become productive citizens. That is why I was hoping that we could find a better solution than I think we have now.

Mr. SCHWEIKER. I surely will look into that, Senator Bentsen, and if I recollect the issue you express and interpret it in the way you suggest, I have no difference with your point of view or philosophy.

The CHAIRMAN. Senator Durenberger?

Senator DURENBERGER. I have just one question, Dick: I think the real contribution you are going to make to public policy in the health field, particularly, is making us think about the difference between sick care and health care, which is terribly important to how we make decisions here in public policy.

Let me ask you one question on the public policy side on health care or prevention. Let me tell you, first, I don't jog because jogging is bad for your knees. But at the opposite end of the spectrum from the aged we have the young and we have had before us, long before I got here, the issue of child health assessment. During the last 2 years we have run into two problems that could be formidable problems in the Reagan administration; that is, cost and the invasion of the family, with the issue of family planning as raised particularly over on the House side in relationship to implementing the CHAP bill.

Some of us who worked awfully hard to try to get it out, watered it down on this side, and still could not get it out.

I am wondering whether you are going to be of some help to us in the future, or if you see the CHAP bill, or child health assessment program, coming in in perhaps a different form in the Reagan administration?

Mr. SCHWEIKER. I don't believe the President-elect has really made a policy determination in this area as yet. I would say in my own case I certainly have an open mind.

I think you wisely pointed out the two problems that the Reagan administration will immediately have with the present approach, the cost and the family issues. There may well be a way to deal with those problems within the budget. I would think, though, it would be difficult.

I guess all I can promise at this point is to sit down with you and explore what alternatives there might be.

Senator DURENBERGER. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Long?

Senator LONG. I would just like to clarify somewhat the discussion about social security and welfare.

Mr. Reagan said that he supported the Long-Dole bill. With Mr. Dole being chairman, I suppose that will be known now as the Dole-Long bill. That is all right with me, provided it can be the Dole bill in Kansas and the Long bill in Louisiana. That bill is a far cry from what Mr. Moynihan read from the Republican platform.

What that bill does is to provide some money on a block grant basis to the States, but it permits the States, as I understand it, to use their discretion where they can make savings and reallocate funds in ways that they think will do more good for people. But as I understand it, the money would be available to the State for welfare purposes. The money would not be there to be used for other purposes. At least that is the way I recall it now.

It also would provide that about eight States would have complete freedom to use their funds as they thought best in the welfare area, if I recall correctly, and the thought there is that by permitting States to do this, particularly States that would like to have that opportunity, that some States, we hope, would do such a very fine job that it would demonstrate that the answer lies in more freedom of State administrators to do a job where they have discretion to meet the problem, rather than the bureaucracy in Washington dictating to them, oftentimes contrary to their best judgment.

In any event, I would suggest that one not confuse the bill which I introduced, and of which you were cosponsor, with the Republican platform, which was written I suspect by another group. I know who wrote that bill that we have reference to. That, I think, is something that you have supported, I have supported, and I am told that Governor Reagan said on television he thinks it is a good bill.

Mr. SCHWEIKER. He said he supported that bill several times in my presence.

Senator LONG. As I understand it, basically his thought is that the States will do a good job of helping to move people from dependency into the mainstream where they will improve their own condition by taking employment and helping to move their families ahead if they have more latitude to do that.

I think that the various things which Governor Reagan, as a former Governor and even when he was Governor of California, testified to before this committee, would indicate pretty well the kind of things that he had in mind, and he did those things to the extent that the law would let him do them when he was Governor of California.

That is the kind of thing you are speaking to, I take it?

Mr. SCHWEIKER. That is correct, exactly.

Senator LONG. As I understand it, you are not planning to repeal these social security programs insofar as that means retirement programs, contributory programs that we pay for through a separate tax. You do plan to make some changes in the grant programs where the general taxpayer pays the money and your Department makes grants to States?

Mr. SCHWEIKER. I never heard Governor Reagan ever say anything that would indicate repeal or diminishment of the social security program in any way whatsoever.

Senator LONG. You are talking about the retirement program and you are talking about medicare and you are talking about the disability program under social security, which are contributory programs at this point.

Mr. SCHWEIKER. That is right.

Senator LONG. You are not now speaking about the grant program where the Federal Government from general revenues makes grants

to States under these various guidelines. That is not what you are speaking of when you are talking about the social security program.

Mr. SCHWEIKER. That is correct.

Senator LONG. That program is included within the Social Security Act, however. I think that is where confusion might arise in the minds of some people. You are speaking of welfare with regard to some of these grant programs that are part of the Social Security Act, but when you are speaking of social security you are talking about the part of it when people pay for social insurance and then receive a benefit for which they have paid something?

Mr. SCHWEIKER. That is correct.

The only part I was talking about—and, again, it gets back to definition, and that is why I answered Senator Moynihan initially in terms of definition—was the bill that you introduced and I cosponsored, and Senator Dole.

Senator MOYNIHAN. Will those eight States be known as being on the Dole? [Laughter.]

The CHAIRMAN. I will leave the record open on that. [Laughter.]

Are there any other questions?

I apologize for being temporarily absent. We had the Secretary of Agriculture-designate hearings, too.

As far as I know, this completes the hearing on Senator Schweiker. If any Senator wishes to submit questions so that Mr. Schweiker may respond for the record, I would hope they might be submitted in the next day or so.

The record will remain open until Friday, January 9. That will give you some time to respond. At some appropriate time we will have to call a meeting and report your nomination. Hopefully, you will be sworn in and ready to go to work on the 20th of January.

Is there anything else you want to supply for the record, Senator Schweiker?

Mr. SCHWEIKER. I just want to thank the committee for their kind hearing and also for their very, I note, very penetrating and incisive questions on issues which certainly are concerns of mine as well.

The CHAIRMAN. I thank you.

Then we will take a 2-minute recess while we find Mr. Regan.

[Whereupon, at 11:30 a.m., the hearing as to the nomination of Senator Schweiker to be Secretary of Health and Human Services was concluded. The hearing as to Secretary of Treasury-designate Regan is covered under separate transcript.]

[By direction of the chairman the following communications were made a part of the hearing record:]

STATEMENT OF NATIONAL RECREATION AND PARK ASSOCIATION

The National Recreation and Park Association is a private non-profit organization concerned with the enhancement of leisure and recreation experiences for all persons. In pursuit of this mission, the Association engages in public and professional education, research, technical assistance and deliberations on national public policy and programs for parks, recreation and leisure.

The Association is governed by a Board of Trustees representing both lay citizens committed to our objectives, and professionals serving in different capacities within the park and recreation movement. Organizationally, we have various branches and affiliates representing special interests or competencies within this broad field. The National Therapeutic Recreation Society (branch)

and the National Recreation and Park Ethnic Minority Society (affiliate) are primarily concerned about the delivery of quality recreation services to the handicapped, aged, incarcerated and disadvantaged in various settings, both public and private.

At the outset, we would like to commend President-Elect Reagan for his designation of Mr. Schweiker as secretary of the Department of Health and Human Services. Because of his previous senatorial assignments, we believe Mr. Schweiker will bring a sense of understanding and concern for human needs to the Department. During the past, the Department has provided considerable support for training, research and program development in the area of recreation and leisure services. We sincerely hope that these efforts will continue. These efforts have significantly contributed to the growth, development and independent functioning of many individuals and has placed the Department in the position of being the leading agency in concern for recreation and leisure opportunities for these persons.

The National Recreation and Park Association represents a broad spectrum of citizens and professionals concerned with leisure services for all individuals in our country. Included in our organization are park and recreation commissioners, physical planners, community recreation specialists, therapeutic recreation specialists, recreation educators and armed forces recreation specialists, among others. In many respects we are very much like the elementary educator and special educator. Within our field, recreation personnel have been specifically trained to meet the special needs of the handicapped, aged, incarcerated and disadvantaged. Previously, specialized training for recreation personnel has been funded through the department. And, it is hoped that this trend will continue.

The Association strongly encourages the Secretary, upon confirmation, to consider increased recreational support systems under the following:

(1) *Older Americans Act of 1965, As Amended.*—We encourage the reauthorization of this Act which was developed to provide a comprehensive and coordinated system of services for older persons. The Association is particularly concerned about the elimination of recreational activities under the Nutrition Program. It is noted that recreational programs were at the heart of the Nutrition Program's success. The elderly received a balanced noon meal and an opportunity for physical, intellectual, social, spiritual and emotional challenges. These elements are vital to the survival of our older citizens.

(2) *Medicare and Medicaid Programs: Conditions Of Participation for Skilled Nursing and Intermediate Care Facilities.*—The Administration on Aging's 1980 Budget contained the following statement: "If present trends continue, the population age 85 and older will triple by 2035. This is particularly significant in light of figures cited from HEW surveys showing how health impairments relate to age. Only 13 percent of the 65-74 age group had an impairment limiting their ability to function without help. The percentage rose to 33 percent for the 75-84 age group, and to 66 percent for those age 85 and over."

The National Therapeutic Recreation Society supports the upgrading of services for long-term care residents. And, we suggest that careful consideration be given to the provision of trained personnel to work with persons living in skilled nursing facilities, especially therapeutic recreation specialists. Additionally, with the consolidation of the rules for skilled nursing facilities and intermediate care facilities, inclusion of the therapeutic recreation specialist as one of the service providers is desirable. This would be consistent with listing of professionals with the Joint Commission for Accreditation of Hospitals' psychiatric hospital standards and with the identification of therapeutic recreation as a rehabilitation service in the 1978 Rehabilitation Act.

(3) *Mental Health Systems Act.*—The Association applauds the Administration's enactment of this law. And, under the Department demonstration project on Medicare cost-related reimbursement, the therapeutic value of recreation is being recognized. We sincerely hope the Secretary will work with the National Therapeutic Recreation Society in exploring other contributions recreation can make to the mental health community.

Finally, the Association would encourage the Secretary designee to consider the authorization of demonstration projects and programs focused on preventive care. The U.S. Public Health Service has stated that "habitual inactivity" as a major factor in the poor health of millions of Americans.

The statistics on American health, as reported by the Surgeon General indicated:

From 1960-1978, total spending for health care mushroomed from \$27 billion to \$192 billion.

In 1960, less than six percent of the Gross National Product was spent on health care.

From 1960-78, annual health expenditures increased more than 700 percent.

We believe that all segments of our society would benefit from increased support and study of preventive health care measures.

STATEMENT OF EDMUND H. MENKEN, PRESIDENT, PROJECT RETURN
FOUNDATION, INC.

Mr. Chairman, members of the U.S. Senate Finance Committee, I am grateful for the opportunity to submit written testimony concerning the nomination of the Honorable Richard S. Schweiker to be Secretary of the Department of Health and Human Services.

My name is Ed Menken, and I am President of the Project Return Foundation, a voluntary, non-profit, New York City-based human services agency providing a wide range of comprehensive health and social services to substance abusers, victims of domestic violence, senior citizens, foster children and released Federal prisoners. Project Return operates with a \$5 million-a-year budget under various Federal, State and City contracts and among our many activities is one of the largest publicly funded drug free treatment and rehabilitation programs in the United States.

I have taken the time to submit written testimony in support of Richard S. Schweiker because, in my opinion and those of many of my colleagues, he is the optimal choice for this most important and sensitive post.

The Department of Health and Human Services has a greater direct impact on many Americans than any other federal agency, providing the types of assistance that enable them to lead worthwhile, productive lives. The responsibility for directing this vitally important agency must be entrusted to someone who is not only experienced, but also above reproach.

I fully recognize that these are difficult economic times for all Americans. However, I earnestly feel that it is especially critical during periods of financial stress that the legitimate demands of those in need be addressed. Now, more than ever, an effective health care system under strong and well focused leadership is imperative. I believe Richard Schweiker has the qualifications to provide this type of leadership.

I spent a great deal of time in Washington the past year, especially on Capitol Hill, and had the privilege of working with Senator Schweiker and his excellent staff. I discovered that he possesses a genuine interest in, and thorough understanding of, governmental responsibility, and is committed to insuring that the needs of those requiring firm assistance are met. I quickly learned that the Senator was an excellent legislator who utilized his twelve years in the Senate productively by introducing and sponsoring health related legislation that has ultimately benefited millions of Americans.

As the ranking Republican member of the Senate Labor and Human Resources Committee and member of the Senate Appropriations Committee, Mr. Schweiker exhibited a comprehensive, analytic insight into the problems of drug abuse in the United States and demonstrated a sincere commitment to the drug treatment sector.

Richard Schweiker's presence in the U.S. Senate and on the committees where he served so effectively will be sorely missed. However, I believe that he is a man who has the nation's interest at heart and who displays the vision, compassion and the necessary experience to continue as one of our great public servants. It is for these reasons that I strongly urge this prestigious committee to recommend to the full Senate the appointment of Richard S. Schweiker as Secretary of the Department of Health and Human Services. Thank you for your time and consideration.