

**SENIOR CITIZENS' FREEDOM TO  
WORK ACT OF 2000**

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**H.R. 5**

**PUBLIC LAW 106-182  
106TH CONGRESS**

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**REPORTS, BILLS,  
DEBATES, AND ACT**

**Social Security Administration**

**SENIOR CITIZENS' FREEDOM TO  
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**Social Security Administration**

**Office of the Deputy Commissioner for  
Legislation and Congressional Affairs**

## **PREFACE**

This 1-volume compilation contains historical documents pertaining to P.L. 106-182, the "Senior Citizens' Freedom to Work Act of 2000." The book contains congressional debates, a chronological compilation of documents pertinent to the legislative history of the public law and listings of relevant reference materials.

Pertinent documents include:

- o Differing versions of key bills
- o Committee reports
- o Excerpts from the Congressional Record
- o The Public Law

This history is prepared by the Office of the Deputy Commissioner for Legislation and Congressional Affairs and is designed to serve as a helpful resource tool for those charged with interpreting laws administered by the Social Security Administration.

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106TH CONGRESS  
1ST SESSION

# H. R. 5

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1999

Mr. SAM JOHNSON of Texas (for himself, Mr. PETERSON of Minnesota, Mr. SESSIONS, Mr. ROHRBACHER, Mr. GOSS, Mr. MCCOLLUM, Mr. CUNNINGHAM, Mr. ENGLISH, Mr. PAUL, Mr. UNDERWOOD, Mrs. MORELLA, Mr. BURTON of Indiana, Mr. HORN, Mr. HOSTETTLER, Mr. MCCRERY, Mr. HEFLEY, Mr. NEY, Mr. RAMSTAD, Mr. BOUCHER, Mr. LOBIONDO, Ms. RIVERS, Mr. GREEN of Texas, Mr. KING, Mr. MCINTOSH, Mrs. MYRICK, Mr. TAYLOR of North Carolina, Mr. KUYKENDALL, Mr. WELLER, Mr. ROGERS, Mr. BARTON of Texas, Mr. KNOLLENBERG, Mr. TERRY, Mr. PETERSON of Pennsylvania, Mr. SOUDER, Ms. DUNN, Mr. BRADY of Texas, Mr. TIAHRT, Mr. STUMP, Mr. SENSENBRENNER, Mrs. BONO, Mr. DOOLITTLE, Mr. THORNBERRY, Mr. PACKARD, Ms. ROS-LEHTINEN, Mr. METCALF, Mr. FALCOMAVAEGA, Mr. BLILEY, Mr. CHAMBLISS, Mr. WATTS of Oklahoma, Mr. SWEENEY, Mr. DREIER, and Mr. HASTINGS of Washington) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Senior Citizens’ Free-  
3 dom to Work Act of 1999”.

4 **SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVID-**  
5 **UALS WHO HAVE ATTAINED RETIREMENT**  
6 **AGE.**

7 Section 203 of the Social Security Act (42 U.S.C.  
8 403) is amended—

9 (1) in subsection (e)(1), by striking “the age of  
10 seventy” and inserting “retirement age (as defined  
11 in section 216(l))”;

12 (2) in paragraphs (1)(A) and (2) of subsection  
13 (d), by striking “the age of seventy” each place it  
14 appears and inserting “retirement age (as defined in  
15 section 216(l))”;

16 (3) in subsection (f)(1)(B), by striking “was  
17 age seventy or over” and inserting “was at or above  
18 retirement age (as defined in section 216(l))”;

19 (4) in subsection (f)(3)—

20 (A) by striking “33 $\frac{1}{3}$  percent” and all  
21 that follows through “any other individual,”  
22 and inserting “50 percent of such individual’s  
23 earnings for such year in excess of the product  
24 of the exempt amount as determined under  
25 paragraph (8),”; and

1 (B) by striking “age 70” and inserting  
 2 “retirement age (as defined in section 216(l))”;  
 3 (5) in subsection (h)(1)(A), by striking “age  
 4 70” each place it appears and inserting “retirement  
 5 age (as defined in section 216(l))”; and  
 6 (6) in subsection (j)—  
 7 (A) in the heading, by striking “Age Sev-  
 8 enty” and inserting “Retirement Age”; and  
 9 (B) by striking “seventy years of age” and  
 10 inserting “having attained retirement age (as  
 11 defined in section 216(l))”.

12 **SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE**  
 13 **SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS**  
 14 **WHO HAVE ATTAINED RETIREMENT AGE.**

15 (a) **UNIFORM EXEMPT AMOUNT.**—Section  
 16 203(f)(8)(A) of the Social Security Act (42 U.S.C.  
 17 403(f)(8)(A)) is amended by striking “the new exempt  
 18 amounts (separately stated for individuals described in  
 19 subparagraph (D) and for other individuals) which are to  
 20 be applicable” and inserting “a new exempt amount which  
 21 shall be applicable”.

22 (b) **CONFORMING AMENDMENTS.**—Section  
 23 203(f)(8)(B) of the Social Security Act (42 U.S.C.  
 24 403(f)(8)(B)) is amended—

1           (1) in the matter preceding clause (i), by strik-  
2           ing “Except” and all that follows through “which-  
3           ever” and inserting “The exempt amount which is  
4           applicable for each month of a particular taxable  
5           year shall be whichever”;

6           (2) in clauses (i) and (ii), by striking “cor-  
7           responding” each place it appears; and

8           (3) in the last sentence, by striking “an exempt  
9           amount” and inserting “the exempt amount”.

10          (c) **REPEAL OF BASIS FOR COMPUTATION OF SPE-**  
11 **CIAL EXEMPT AMOUNT.**—Section 203(f)(8)(D) of the So-  
12 cial Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

13 **SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

14          (a) **ELIMINATION OF REDUNDANT REFERENCES TO**  
15 **RETIREMENT AGE.**—Section 203 of the Social Security  
16 Act (42 U.S.C. 403) is amended—

17           (1) in subsection (c), in the last sentence, by  
18           striking “nor shall any deduction” and all that fol-  
19           lows and inserting “nor shall any deduction be made  
20           under this subsection from any widow’s or widower’s  
21           insurance benefit if the widow, surviving divorced  
22           wife, widower, or surviving divorced husband in-  
23           volved became entitled to such benefit prior to at-  
24           taining age 60.”; and

1           (2) in subsection (f)(1), by striking clause (D)  
2           and inserting the following: “(D) for which such in-  
3           dividual is entitled to widow’s or widower’s insurance  
4           benefits if such individual became so entitled prior  
5           to attaining age 60,”.

6           (b) CONFORMING AMENDMENT TO PROVISIONS FOR  
7 DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF  
8 DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the  
9 Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is  
10 amended—

11           (1) by striking “either”; and

12           (2) by striking “or suffered deductions under  
13           section 203(b) or 203(c) in amounts equal to the  
14           amount of such benefit”.

15           (c) PROVISIONS RELATING TO EARNINGS TAKEN  
16 INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL  
17 ACTIVITY OF BLIND INDIVIDUALS.—The second sentence  
18 of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4))  
19 is amended by striking “if section 102 of the Senior Citi-  
20 zens’ Right to Work Act of 1996 had not been enacted”  
21 and inserting the following: “if the amendments to section  
22 203 made by section 102 of the Senior Citizens’ Right  
23 to Work Act of 1996 and by the Senior Citizens’ Freedom  
24 to Work Act of 1999 had not been enacted”.

1 **SEC. 5. EFFECTIVE DATE.**

2       The amendments and repeals made by this Act shall  
3 apply with respect to taxable years ending after December  
4 31, 1998.

○



SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000

MARCH 1, 2000.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means,  
 submitted the following

R E P O R T

[To accompany H.R. 5]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 5) to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".

**SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3)—

(A) by striking "33 $\frac{1}{3}$  percent" and all that follows through "any other individual," and inserting "50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8)."; and

(B) by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "Age Seventy" and inserting "Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

**SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

(a) **UNIFORM EXEMPT AMOUNT.**—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking "the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable" and inserting "a new exempt amount which shall be applicable".

(b) **CONFORMING AMENDMENTS.**—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(1) in the matter preceding clause (i), by striking "Except" and all that follows through "whichever" and inserting "The exempt amount which is applicable for each month of a particular taxable year shall be whichever";

(2) in clause (i), by striking "corresponding";

(3) in clause (ii), in the matter preceding subclause (I), by striking "corresponding" and all that follows through "individuals)" and inserting "exempt amount which is in effect with respect to months in the taxable year ending after 1993 and before 1995 with respect to individuals who have not attained retirement age (as defined in section 216(l))";

(4) in subclause (II) of clause (ii), by striking "2000" and all that follows and inserting "1992,"; and

(5) in the last sentence, by striking "an exempt amount" and inserting "the exempt amount".

(c) **REPEAL OF BASIS FOR COMPUTATION OF EXEMPT AMOUNT AFFECTING INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

**SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

(a) **ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.**—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60."; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60.".

(b) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended—

(1) by striking “either”; and

(2) by striking “or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit”.

(c) PROVISIONS RELATING TO EARNINGS TAKEN INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking “if section 102 of the Senior Citizens’ Right to Work Act of 1996 had not been enacted” and inserting the following: “if the amendments to section 203 made by section 102 of the Senior Citizens’ Right to Work Act of 1996 and by the Senior Citizens’ Freedom to Work Act of 2000 had not been enacted”.

#### SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments and repeals made by this Act shall apply with respect to taxable years ending after December 31, 1999.

(b) SPECIAL RULE APPLICABLE TO INDIVIDUALS WHO ATTAIN NORMAL RETIREMENT AGE DURING THE FIRST TAXABLE YEAR ENDING AFTER DECEMBER 31, 1999.—Sections 202 and 203 of the Social Security Act, as in effect immediately prior to the amendments and repeals made by this Act, shall apply to any individual who attains retirement age (as defined in section 216(l) of such Act) during the first taxable year ending after December 31, 1999 (and to any person receiving benefits under title II of the Social Security Act on the basis of the wages and self-employment income of such individual), but only with respect to earnings for so much of such taxable year as precedes the month in which such individual attains retirement age (as so defined).

## I. INTRODUCTION

### A. PURPOSE AND SUMMARY

The “Senior Citizens Freedom To Work Act of 2000” would eliminate the Social Security retirement earnings test for seniors who attain the full retirement age (currently age 65, rising to 67 in 2027). The purpose of the legislation is to remove work disincentives for seniors who reach full retirement and to improve the fairness of the Social Security program. The legislation would have a negligible effect on the long-term financial status of the Social Security Trust Funds.

### B. BACKGROUND AND NEED FOR LEGISLATION

The Social Security program has included a “retirement earnings test” since its inception in 1935. The earnings test reduces Social Security benefits for beneficiaries who continue to work if their earnings exceed a specific threshold, known as the “earnings limit.” The earnings limit applies only to earnings from wages and self-employment income; it does not apply to “unearned” income, such as pensions, savings and investments. The earnings test has been relaxed over time to reflect changes in the workforce but has not been eliminated.

Working seniors who lose benefits because of the earnings test receive a delayed retirement credit (DRC), which increases their monthly benefits in the future to help compensate them for the loss. On average, seniors should receive the same amount of lifetime benefits regardless of when they retire.

According to the Congressional Budget Office, 631,000 seniors between the ages of 65 and 69 will have some or all of their benefits reduced in 2000 because of the earnings test. Thousands more will deliberately reduce the amount they work to avoid a benefit reduc-

tion. The benefit reduction in 2000 will average approximately \$8,000 per retiree affected by the earnings test.

After a lifetime of payroll tax contributions, workers have an earned right to their benefits, regardless of economic need. Withholding benefits from seniors simply because they choose to work beyond the full retirement age is unfair, and it discriminates against seniors who need to work to supplement their income.

Moreover, the earnings test imposes a risk because many seniors will not live long enough to recover all their lost benefits through the DRC. Lower-income workers and some minorities face the highest risk of losing benefits to which they are entitled because of their shorter life expectancies.

Not only is the earnings test unfair, but it adversely affects the economy by discouraging seniors from remaining in the workforce. After accounting for Federal income and payroll taxes, working seniors between the ages of 65 and 69 can face high marginal tax rates as a result of the earnings test. Discouraging work among seniors may have made sense during the Great Depression when unemployment was high, but it makes little sense in today's economic environment.

The retirement of the baby boomers and the aging of the workforce have serious implications for productivity, economic growth and future living standards. As seniors become an increasing share of the population, they should be given the appropriate opportunities and incentives to remain in the workforce, to share their skills and experience with younger workers and to contribute to growth in the economy.

Finally, repealing the earnings test will improve the personal and financial well-being of America's senior citizens. As seniors continue to enjoy increased longevity and better health, they should be allowed to work as long as they are willing to do so. Studies have shown that allowing seniors to remain productive in retirement has a positive impact on their health and self-esteem. Moreover, repealing the earnings test would allow seniors the freedom to work without penalty so they can supplement their Social Security benefits. This is particularly important to many lower- and moderate-income retirees who rely more heavily on earnings from work rather than savings and pensions.

### C. LEGISLATIVE HISTORY

On February 15, 2000, the Subcommittee on Social Security held a public hearing on improving Social Security work incentives, which focused on the effects of repealing the Social Security earnings test for working seniors who reach the full retirement age as provided in H.R. 5, which was introduced by Mr. Sam Johnson and Mr. Collin Peterson on March 1, 1999. The Subcommittee received testimony in support of repealing the earnings test from the Commissioner of Social Security as well as senior advocates, economists, academics, business representatives, and senior citizens. In addition, during the first session of the 106th Congress, the Subcommittee and the Full Committee on Ways and Means held numerous hearings on Social Security reform proposals that included provisions to eliminate the earnings test.

On February 16, 2000, the Subcommittee on Social Security ordered favorably reported to the full Committee H.R. 5, the Senior Citizens' Freedom to Work Act of 2000, as amended, by a unanimous voice vote, with a quorum present.

On February 29, 2000, the Full Committee on Ways and Means ordered favorably reported to the House H.R. 5, the Senior Citizens' Freedom to Work Act of 2000, as amended, by a unanimous voice vote, with a quorum present.

## II. EXPLANATION OF PROVISIONS

### SECTION 1. SHORT TITLE

The short title of the bill is the Senior Citizens' Freedom to Work Act of 2000.

### SECTION 2. ELIMINATION OF THE EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE

#### *Present law*

Working seniors who reach the full retirement age (currently 65 in 2000, rising to 67 by 2027) receive a benefit reduction if their earnings from wages and self-employment income exceed a specific threshold, or "earnings limit." In 2000, the earnings limit for working seniors age 65 and older is \$17,000. Social Security benefits are reduced by \$1 for every \$3 of earnings in excess of the limit. Legislation passed in 1996 will increase the earnings limit to \$25,000 in 2001 and to \$30,000 in 2002. Thereafter, the limit will increase with average wage growth in the economy. Seniors are exempt from the earnings test once they reach age 70. A separate earnings test applies to working seniors who retire before the full retirement age.<sup>1</sup> The earnings test only applies to the Old-Age and Survivors Insurance Program.

#### *Explanation of provision*

The proposal would exempt working seniors from the earnings test once they reach the full retirement age.

#### *Reason for change*

According to the Congressional Budget Office, 631,000 non-disabled beneficiaries age 65 through 69 lose some or all of their Social Security benefits as a result of the earnings test. Many more are negatively impacted because they deliberately hold their earnings below the limit to avoid the penalty. Withholding benefits from working seniors is inconsistent with the fact that workers are entitled to their Social Security benefits regardless of economic need. Moreover, the earnings test penalizes seniors who want or need to work during retirement to supplement their Social Security benefits. The penalty discourages many seniors from working as much as they otherwise would, thus reducing their personal and financial well-being. Discouraging work among seniors also has serious implications for productivity, economic growth and future living

<sup>1</sup> Working seniors who retire before the full retirement age lose \$1 of Social Security benefits for every \$2 of earnings in excess of the earnings limit. The limit is \$10,080 in 2000. It increases annually with average wage growth.

standards. Given the impending retirement of the Baby Boom generation and the implications for economic growth, we need to take steps now to encourage older workers to remain in the work force. Eliminating the earnings test for seniors who reach the full retirement age would also reduce Social Security Administration administrative costs and reduce the number of inaccurate benefit payments each year. The Social Security Administration estimates that the cost of administering the earnings test for those age 65 through 69 is approximately \$70 million annually.

[Section 3 of the legislation makes several technical and conforming amendments required by the repeal of the earnings limit.]

#### SECTION 4. ADDITIONAL CONFORMING AMENDMENTS

##### *Present law*

Seniors who reach the full retirement age and do not receive benefits (either because they don't file for benefits or because benefits are withheld under the earnings test) receive a delayed retirement credit (DRC) to partially compensate them for the loss. The DRC increases the worker's Social Security benefit for each month that benefits are fully withheld. The DRC is 6 percent per year for workers age 65 in 2000. It will increase by 0.5 percentage points every two years until reaching 8 percent for seniors reaching the full retirement age (then age 66) in 2009, at which point, the DRC will be "actuarially fair." In other words, on average, the DRC should fully compensate workers for benefits withheld under the earnings test.

The earnings test and the delayed retirement credit only apply to the Old-Age and Survivors Insurance program. The Social Security Act contains a separate earnings threshold, called the substantial gainful activity (SGA) level, which applies only to the Disability Insurance program. Workers with earnings above the SGA level are ineligible for disability benefits. In 2000, the SGA level for non-blind individuals with disabilities is \$700 per month. This level is set by regulation. In 2000, the SGA level for individuals who are blind is \$1,170 per month. This level increases annually with average wage growth in the economy as established in statute.

##### *Explanation of the provision*

The provision makes conforming changes to eliminate the DRC for working seniors who would have had benefits withheld under the earnings test if the legislation were not enacted. The DRC is retained for seniors who choose to delay benefit application beyond the full retirement age.

The provision makes several other conforming amendments relating to the SGA level for the blind and provisions made redundant by the repeal of the earnings test.

##### *Reason for change*

The DRC is repealed for seniors who have reached the full retirement age because they will receive their full Social Security benefits regardless of their earnings from work. As a result, there is no need to compensate seniors for lost benefits because they will no longer be penalized for working. Because of the interaction between

the earnings test and the DRC, the cost of repealing the earnings test is fully recovered over time. Consequently, repealing the earnings test has a negligible long-term impact on Social Security's financial solvency. In addition, there is no impact on the estimated date of the Trust Funds' depletion or the date when benefit outlays exceed income.

This provision ensures that the current law substantial gainful activity level for the blind is maintained and will continue to be wage-indexed in the future.

#### SECTION 5. EFFECTIVE DATE

Sections 2 through 4 (which lower the earnings test exempt age from 70 to the full retirement age and make conforming amendments) are effective for taxable years after December 31, 1999.

A special rule is provided for seniors who reach the full retirement age in 2000. The special rule retains the \$17,000 earnings limit and the 33 $\frac{1}{3}$  percent withholding rate for seniors who reach the full retirement age in 2000, ensuring that they will not be affected by the more stringent earnings test which applies to early retirees. Once the worker attains the full retirement age, the earnings test will no longer apply.

### III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee on Ways and Means in its consideration of the bill, H.R. 5, as amended.

#### MOTION TO REPORT THE BILL

The bill, H.R. 5, as amended, was ordered favorably reported by a unanimous voice vote, with a quorum present.

### IV. BUDGET EFFECTS OF THE BILL

#### A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the revenue provisions of the bill, H.R. 5, as reported.

The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO) which is included below.

#### B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states the Committee bill results in no net increase or decrease in budget authority for direct spending programs relative to current law, and no new or increased tax expenditures.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET  
OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the Congressional Budget Office ("CBO"), the following statement by CBO is provided.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, March 1, 2000.*

Hon. BILL ARCHER,  
*Chairman, Committee on Ways and Means,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5, the Senior Citizens' Freedom to Work Act of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathy Ruffing.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

*H.R. 5—Senior Citizens' Freedom to Work Act of 2000*

Summary: H.R. 5 would repeal the earnings test that reduces the Social Security benefits of some people between the program's normal retirement age (currently 65) and 69. Under H.R. 5, those individuals could draw their full Social Security benefits, regardless of their earnings.

CBO estimates that enacting H.R. 5 would increase direct spending by \$3.9 billion in fiscal year 2000, by \$19.8 billion over the 2000–2005 period, and by \$22.8 billion over the 2000–2010 period. Administrative costs would rise by \$35 million in 2000, but fall by \$0.7 billion over the 2001–2010 period. Both the benefit payments and administrative expenses for Social Security are off-budget. The bill would have no pay-as-you-go impact because legislation affecting the Social Security trust funds is exempt from pay-as-you-go procedures. H.R. 5 would impose no mandates on state, local, or tribal governments or on the private-sector.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 5 is shown in Table 1. The costs of this legislation fall within budget function 650 (Social Security).

Basis of estimate: Under current law, for beneficiaries between Social Security's normal retirement age (NRA), now 65, and 69, a dollar of benefits is withheld for every three dollars of earnings above a threshold. Under the Contract With America Advancement Act, that threshold is \$17,000 in 2000; it will rise to \$25,000 in 2001 and \$30,000 in 2002, and climb with average wages thereafter. A stricter test applies to beneficiaries between age 62 (the so-called early retirement age, or ERA) and the NRA; recipients are exempt from the earnings test when they reach age 70.

TABLE 1.—ESTIMATED BUDGET EFFECTS OF H.R. 5  
 [By fiscal year, in billions of dollars]

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
DIRECT SPENDING											
Estimated Outlays: Benefit Payments .....	3.9	4.3	3.6	3.1	2.7	2.1	1.6	1.0	0.5	0.1	0.1
SPENDING SUBJECT TO APPROPRIATION ACTION											
Estimated Outlays: Administrative Costs ....	(1)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Memorandum:											
Exempt amount under current law (by calendar year, in dollars) <sup>2</sup> .....	17,000	25,000	30,000	31,200	32,400	33,480	34,560	35,880	37,200	38,520	39,840

<sup>1</sup> Less than \$50 million.

<sup>2</sup> Through 2002, these are the amounts set in the Contract With America Advancement Act (Public Law 104-121). After 2002, they are indexed to overall wage increases.

Note.—Outlays represent extra benefits that would be paid from the Old-Age and Survivors Insurance Trust Fund, which is off-budget.

### Direct spending

CBO estimates that repealing the earnings test for beneficiaries over the NRA, effective January 1, 2000, would lead to outlays of about \$5 billion in that calendar year for additional Social Security benefits. Only three-quarters of that cost, \$3.9 billion, would occur in fiscal year 2000 because the bill would affect payments for only nine months of that fiscal year.

CBO bases its estimate on data obtained from the Social Security Administration's (SSA's) Continuous Work History Sample. That source has consistently shown that approximately 2.4 million beneficiaries between the ages of 65 and 69 have earnings, although only a minority of them make enough to be affected by the earnings test. In calendar year 2000, CBO estimates that approximately 625,000 people would receive, on average, an extra benefit of \$8,200 under H.R. 5. By 2002, that number would shrink to about 400,000 people, collecting on average an extra benefit of about \$10,000. After 2002, an estimated 350,000 to 400,000 workers each year would have at least some benefits withheld under current law and therefore would be affected by the bill.

The cost of repeal would decline over time for several reasons. First, the amount of exempt earnings is scheduled to rise steeply in 2001 and 2002, and thus fewer people would be subject to the test under current law. Second, the NRA will climb gradually from 65 to 66 in the next decade, further shrinking the number of people affected. Third, the costs will gradually be offset by savings in the delayed retirement credit (DRC), which boosts subsequent benefits for anyone who defers receiving payments for any months after reaching the NRA but before age 70. Under current law, the DRC will eventually climb to 8 percent of benefits for each full year deferred. CBO assumes that most people affected by repeal of the earnings test will apply for benefits at the NRA, thus forfeiting their eventual entitlement to the DRC. Although CBO estimates that H.R. 5 would add to government outlays in each of the first 10 years, actuaries at the Social Security Administration (SSA) judge that repeal would have only a negligible effect on benefits

over a 75-year period, because the extra payments will be almost exactly offset by savings in the DRC.

In its estimates, CBO does not assume that repeal of the earnings test would substantially affect the labor force participation or earnings of people between the NRA and age 69. In theory, the effect could operate in either direction. Older people who now hold their earnings just below the threshold might work more. But on the other hand, people with high earnings might work less, because they could enjoy the same standard of living by combining a Social Security benefit with reduced earnings. Empirical evidence suggests that, in the past, the earnings test has slightly dampened work by people aged 65 through 69. (A recent study suggests the effect on work hours could be about a 5 percent reduction.) Even the modest effect suggested by that research would fade under current law, because—as the threshold climbs to \$30,000—it will affect fewer people's decisions.

For purposes of its estimate, CBO assumes enactment in the spring of 2000. Because the bill would be retroactive to January 1, 2000, SSA would have to compute and refund benefits withheld since that date. If enactment occurs later in the year, the processing time could push the fiscal year 2000 costs of \$3.9 billion into 2001. That results would have no effect, however, on the aggregate costs of the bill.

#### *Spending subject to appropriation*

H.R. 5 would also affect SSA's administrative costs, which are funded by an annual appropriation. Computing and refunding retroactive benefits for calendar year 2000 would cost approximately \$35 million. In later years, however, SSA would save about \$65 million annually because it would no longer have to administer the complex earnings test for people over the NRA.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Acts sets up pay-as-you-go procedures for legislation that affects direct spending or receipts. However, provisions that affect the Old-Age and Survivors Insurance and Disability Insurance trust funds are specifically exempt from these procedures. Therefore, H.R. 5 would have no pay-as-you-go impact.

Intergovernmental and private-sector impact: H.R. 5 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Kathy Ruffing; Costs to State and Local Governments: Leo Lex; Costs to the Private Sector: Ralph Smith.

Estimate approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

## **V. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE**

### **A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS**

With respect to clause 3(c)(1) of rule XIII of the rules of the House of Representatives (relating to oversight findings), the Committee advises that it was a result of the Committee's oversight re-

view. On February 15, 2000, the Subcommittee on Social Security held a public hearing on "Improving Social Security Work Incentives" which discussed repealing the Social Security earnings test for working seniors who reach the full retirement age as provided in H.R. 5, the Senior Citizens' Freedom to Work Act of 2000.

**B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM**

With respect to clause 3(c)(4) of rule XII of the Rules of the House of Representatives, the Committee advises that no oversight findings or recommendations have been submitted to this Committee by the Committee on Government Reform with respect to the provisions contained in the bill.

**C. CONSTITUTIONAL AUTHORITY STATEMENT**

With respect to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives (relating to Constitutional Authority), the Committee states that the Committee's action in reporting this bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises \* \* \*"), and from the 16th Amendment to the Constitution.

**VI. CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED**

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**SOCIAL SECURITY ACT**

\* \* \* \* \*

**TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS**

\* \* \* \* \*

**OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS**

**Old Age Insurance Benefits**

SEC. 202. (a) \* \* \*

\* \* \* \* \*

**Increase in Old-Age Insurance Benefit Amounts on Account of Delayed Retirement**

(w)(1) \* \* \*

(2) For purposes of this subsection, the number of increment months for any individual shall be a number equal to the total number of the months—

(A) which have elapsed after the month before the month in which such individual attained retirement age (as defined in section 216(l)) or (if later) December 1970 and prior to the month in which such individual attained age 70, and

(B) with respect to which—

(i) such individual was a fully insured individual (as defined in section 214(a)),

(ii) such individual [either] was not entitled to an old-age insurance benefit [or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit], and

(iii) such individual was not subject to a penalty imposed under section 1129A.

\* \* \* \* \*

REDUCTION OF INSURANCE BENEFITS

SEC. 203. (a) \* \* \*

\* \* \* \* \*

Deductions on Account of Noncovered Work Outside the United States or Failure to Have Child in Care

(c) Deductions, in such amounts and at such time or times as the Commissioner of Social Security shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefits or benefit under section 202 for any month—

(1) in which such individual is under [the age of seventy] retirement age (as defined in section 216(l)) and for more than forty-five hours of which such individual engaged in non-covered remunerative activity outside the United States;

\* \* \* \* \*

For purposes of paragraphs (2), (3), and (4) of this subsection, a child shall not be considered to be entitled to a child's insurance benefit for any month in which paragraph (1) of section 202(s) applies or an event specified in section 222(b) occurs with respect to such child. Subject to paragraph (3) of such section 202(s), no deduction shall be made under this subsection from any child's insurance benefit for the month in which the child entitled to such benefit attained the age of eighteen or any subsequent month; [nor shall any deduction be made under this subsection from any widow's insurance benefit for any month in which the widow or surviving divorced wife is entitled and has not attained retirement age (as defined in section 216(l)) (but only if she became so entitled prior to attaining age 60), or from any widower's insurance benefit for any month in which the widower or surviving divorced husband is entitled and has not attained retirement age (as defined in section 216(l)) (but only if he became so entitled prior to attaining age 60).] nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving

*divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.*

\* \* \* \* \*

**Deductions From Dependents' Benefits on Account of Noncovered Work Outside the United States by Old Age Insurance Beneficiary**

(d)(1)(A) Deductions shall be made from any wife's, husband's, or child's insurance benefit, based on the wages and self employment income of an individual entitled to old age insurance benefits, to which a wife, divorced wife, husband, divorced husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month in which such individual is under [the age of seventy] *retirement age (as defined in section 216(l))* and for more than forty five hours of which such individual engaged in noncovered remunerative activity outside the United States.

\* \* \* \* \*

(2) Deductions shall be made from any child's insurance benefit to which a child who has attained the age of eighteen is entitled, or from any mother's or father's insurance benefit to which a person is entitled, until the total of such deductions equals such child's insurance benefit or benefits or mother's or father's insurance benefit or benefits under section 202 for any month in which such child or person entitled to mother's or father's insurance benefits is married to an individual under [the age of seventy] *retirement age (as defined in section 216(l))* who is entitled to old-age insurance benefits and for more than forty-five hours of which such individual engaged in noncovered remunerative activity outside the United States.

\* \* \* \* \*

**Months to Which Earnings Are Charged**

(f) For purposes of subsection (b)—

(1) The amount of an individual's excess earnings (as defined in paragraph (3)) shall be charged to months as follows: There shall be charged to the first month of such taxable year an amount of his excess earnings equal to the sum of the payments to which he and all other persons (excluding divorced spouses referred to in subsection (b)(2)) are entitled for such month under section 202 on the basis of his wages and self-employment income (or the total of his excess earnings if such excess earnings are less than such sum), and the balance, if any, of such excess earnings shall be charged to each succeeding month in such year to the extent, in the case of each such month, of the sum of the payments to which such individual and all such other persons are entitled for such month under section 202 on the basis of his wages and self-employment income, until the total of such excess has been so charged. Where an individual is entitled to benefits under section 202(a) and other persons (excluding divorced spouses referred to in subsection (b)(2)) are entitled to benefits under section 202(b), (c), or (d) on the basis of the wages and self-employment income

of such individual, the excess earnings of such individual for any taxable year shall be charged in accordance with the provisions of this subsection before the excess earnings of such persons for a taxable year are charged to months in such individual's taxable year. Notwithstanding the preceding provisions of this paragraph but subject to section 202(s), no part of the excess earnings of an individual shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which such individual **【was age seventy or over】** *was at or above retirement age (as defined in section 216(l))*, (C) in which such individual, if a child entitled to child's insurance benefits, has attained the age of 18, **【(D) for which such individual is entitled to widow's insurance benefits and has not attained retirement age (as defined in section 216(l)) (but only if she became so entitled prior to attaining age 60), or widower's insurance benefits and has not attained retirement age (as defined in section 216(l)) (but only if he became so entitled prior to attaining age 60),】** *(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60*, (E) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5) of this subsection) of more than the applicable exempt amount as determined under paragraph (8), if such month is in the taxable year in which occurs the first month after December 1977 that is both (i) a month for which the individual is entitled to benefits under subsection (a), (b), (c), (d), (e), (f), (g), or (h) of section 202 (without having been entitled for the preceding month to a benefit under any other of such subsections), and (ii) a month in which the individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5)) of more than the applicable exempt amount as determined under paragraph (8), or (F) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (5) of this subsection) of more than the applicable exempt amount as determined under paragraph (8), in the case of an individual entitled to benefits under section 202(b) or (c) (but only by reason of having a child in his or her care within the meaning of paragraph (1)(B) of subsection (b) or (c), as may be applicable) or under section 202(d) or (g), if such month is in a year in which such entitlement ends for a reason other than the death of such individual, and such individual is not entitled to any benefits under this title for the month following the month during which such entitlement under section 202(b), (d), or (g) ended.

\* \* \* \* \*

(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be **【33⅓ percent of his earnings for such year in excess of the product of the applicable exempt amount as determined under paragraph (8) in the case of an individual who has attained (or, but for the individual's death, would have attained) retirement age (as defined in section 216(l)) before the close of such taxable year,**

or 50 percent of his earnings for such year in excess of such product in the case of any other individual,] *50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8), multiplied by the number of months in such year, except that, in determining an individual's excess earnings for the taxable year in which he attains [age 70] retirement age (as defined in section 216(l)), there shall be excluded any earnings of such individual for the month in which he attains such age and any subsequent month (with any net earnings or net loss from self-employment in such year being prorated in an equitable manner under regulations of the Commissioner of Social Security). For purposes of the preceding sentence, notwithstanding section 211(e), the number of months in the taxable year in which an individual dies shall be 12. The excess earnings as derived under the first sentence of this paragraph, if not a multiple of \$1, shall be reduced to the next lower multiple of \$1.*

\* \* \* \* \*

(8)(A) Whenever the Commissioner of Social Security pursuant to section 215(i) increases benefits effective with the month of December following a cost-of-living computation quarter he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs [the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable] *a new exempt amount which shall be applicable* (unless prevented from becoming effective by subparagraph (C)) with respect to taxable years ending in (or with the close of) the calendar year after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the calendar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year).

(B) [Except as otherwise provided in subparagraph (D), the exempt amount which is applicable to individuals described in such subparagraph and the exempt amount which is applicable to other individuals, for each month of a particular taxable year, shall each be whichever] *The exempt amount which is applicable for each month of a particular taxable year shall be whichever* of the following is the larger—

(i) the [corresponding] exempt amount which is in effect with respect to months in the taxable year in which the determination under subparagraph (A) is made, or

(ii) the product of the [corresponding exempt amount which is in effect with respect to months in the taxable year ending after 2001 and before 2003 (with respect to individuals described in subparagraph (D)) or the taxable year ending after 1993—and before 1995 (with respect to other individuals)] *exempt amount which is in effect with respect to months in the taxable year ending after 1993 and before 1995 with respect to individuals who have not attained retirement age (as defined in section 216(l)), and the ratio of—*

(I) \* \* \*

(II) the national average wage index (as so defined) for [2000 (with respect to individuals described in subparagraph (D)) or 1992 (with respect to other individuals)] 1992,

with such product, if not a multiple of \$10, being rounded to the next higher multiple of \$10 where such product is a multiple of \$5 but not of \$10 and to the nearest multiple of \$10 in any other case.

Whenever the Commissioner of Social Security determines that [an exempt amount] *the exempt amount* is to be increased in any year under this paragraph, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year of the estimated amount of such increase, indicating the new exempt amount, the actuarial estimates of the effect of the increase, and the actuarial assumptions and methodology used in preparing such estimates.

\* \* \* \* \*

[(D) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(1)) before the close of the taxable year involved shall be—

[(i) for each month of any taxable year ending after 1995 and before 1997, \$1,041.66⅔,

[(ii) for each month of any taxable year ending after 1996 and before 1998, \$1,125.00,

[(iii) for each month of any taxable year ending after 1997 and before 1999, \$1,208.33⅓,

[(iv) for each month of any taxable year ending after 1998 and before 2000, \$1,291.66⅔,

[(v) for each month of any taxable year ending after 1999 and before 2001, \$1,416.66⅔,

[(vi) for each month of any taxable year ending after 2000 and before 2002, \$2,083.33⅓,

[(vii) for each month of any taxable year ending after 2001 and before 2003, \$2,500.00.]

\* \* \* \* \*

#### Report of Earnings to Commissioner of Social Security

(h)(1)(A) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (5) of subsection (f), in excess of the product of the applicable exempt amount as determined under subsection (f)(8) times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Commissioner of Social Security of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth day of the fourth month following the close of such year, and shall contain such information and be made in such manner as the Commissioner of Social Security may by regulations prescribe. Such report need not be made for any taxable year—

(i) beginning with or after the month in which such individual attained [age 70] retirement age (as defined in section 216(l)), or

(ii) if benefit payments for all months (in such taxable year) in which such individual is under [age 70] retirement age (as defined in section 216(l)) have been suspended under the provisions of the first sentence of paragraph (3) of this subsection, unless—

(I) such individual is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202,

(II) such benefits are reduced under subsection (a) of this section for any month in such taxable year, and

(III) in any such month there is another person who also is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the same wages and self-employment income and who does not live in the same household as such individual.

The Commissioner of Social Security may grant a reasonable extension of time for making the report of earnings required in this paragraph if the Commissioner finds that there is valid reason for a delay, but in no case may the period be extended more than four months.

\* \* \* \* \*

Attainment of [Age Seventy] Retirement Age

(j) For the purposes of this section, an individual shall be considered as [seventy years of age] having attained retirement age (as defined in section 216(l)) during the entire month in which he attains such age.

\* \* \* \* \*

DISABILITY INSURANCE BENEFIT PAYMENTS

Disability Insurance Benefits

SEC. 223. (a) \* \* \*

\* \* \* \* \*

Definition of Disability

(d)(1) \* \* \*

\* \* \* \* \*

(4)(A) The Commissioner of Social Security shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. No individual who is blind shall be regarded as having demonstrated an ability to engage in substantial gainful activity on the basis of earnings that do not exceed an amount equal to the exempt amount which would be applicable under section 203(f)(8), to individuals described in subparagraph (D) thereof, [if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted] if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work

*Act of 1996 and by the Senior Citizens' Freedom to Work Act of 2000 had not been enacted.* Notwithstanding the provisions of paragraph (2), an individual whose services or earnings meet such criteria shall, except for purposes of section 222(c), be found not to be disabled. In determining whether an individual is able to engage in substantial gainful activity by reason of his earnings, where his disability is sufficiently severe to result in a functional limitation requiring assistance in order for him to work, there shall be excluded from such earnings an amount equal to the cost (to such individual) of any attendant care services, medical devices, equipment, prostheses, and similar items and services (not including routine drugs or routine medical services unless such drugs or services are necessary for the control of the disabling condition) which are necessary (as determined by the Commissioner of Social Security in regulations) for that purpose, whether or not such assistance is also needed to enable him to carry out his normal daily functions; except that the amount to be excluded shall be subject to such reasonable limits as the Commissioner of Social Security may prescribe.

\* \* \* \* \*

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# Union Calendar No. 284

106TH CONGRESS  
2D SESSION

# H. R. 5

[Report No. 106-507]

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1999

Mr. SAM JOHNSON of Texas (for himself, Mr. PETERSON of Minnesota, Mr. SESSIONS, Mr. ROHRABACHER, Mr. GOSS, Mr. MCCOLLUM, Mr. CUNNINGHAM, Mr. ENGLISH, Mr. PAUL, Mr. UNDERWOOD, Mrs. MORELLA, Mr. BURTON of Indiana, Mr. HORN, Mr. HOSTETTLER, Mr. MCCRERY, Mr. HEFLEY, Mr. NEY, Mr. RAMSTAD, Mr. BOUCHER, Mr. LOBIONDO, Ms. RIVERS, Mr. GREEN of Texas, Mr. KING, Mr. MCINTOSH, Mrs. MYRICK, Mr. TAYLOR of North Carolina, Mr. KUYKENDALL, Mr. WELLER, Mr. ROGERS, Mr. BARTON of Texas, Mr. KNOLLENBERG, Mr. TERRY, Mr. PETERSON of Pennsylvania, Mr. SOUDER, Ms. DUNN, Mr. BRADY of Texas, Mr. TIAHRT, Mr. STUMP, Mr. SENSENBRENNER, Mrs. BONO, Mr. DOOLITTLE, Mr. THORNBERRY, Mr. PACKARD, Ms. ROS-LEHTINEN, Mr. METCALF, Mr. FALEOMAVAEGA, Mr. BLILEY, Mr. CHAMBLISS, Mr. WATTS of Oklahoma, Mr. SWEENEY, Mr. DREIER, and Mr. HASTINGS of Washington) introduced the following bill; which was referred to the Committee on Ways and Means

MARCH 1, 2000

Additional sponsors: Mr. LATOURETTE, Mr. NETHERCUTT, Mr. BALLENGER, Mr. HERGER, Mr. NUSSLE, Mr. HAYWORTH, Mr. COLLINS, Mr. SCHAFER, Mr. TANCREDO, Mr. FORBES, Mr. EHRlich, Mr. FOSSELLA, Mr. PETRI, Mrs. FOWLER, Mr. LEWIS of Kentucky, Mr. POMBO, Mr. LUCAS of Kentucky, Mr. ADERHOLT, Mr. LINDER, Mrs. EMERSON, Ms. DANNER, Mr. FILNER, Mr. SANDLIN, Mr. FROST, Mr. BISHOP, Mr. SHAD-EGG, Ms. KILPATRICK, Mr. MICA, Ms. PRYCE of Ohio, Mr. GARY MILLER of California, Mr. DICKEY, Mr. GORDON, Mr. BAKER, Mr. HANSEN, Mr. CLYBURN, Mr. JONES of North Carolina, Mr. HUTCHINSON, Mr. COBURN, Mr. MANZULLO, Mr. GIBBONS, Mr. EWING, Mr. TALENT, Mr. CLEMENT, Mr. LEACH, Ms. STABENOW, Mrs. NORTHUP, Mr. GOODLING,

Mr. BARR of Georgia, Mr. CALVERT, Mr. ARMEY, Mr. BILIRAKIS, Mr. SAXTON, Mr. FOLEY, Mr. RILEY, Mr. OSE, Mr. ISAKSON, Mr. EVERETT, Ms. GRANGER, Mr. HOBSON, Mr. MCINTYRE, Mr. VITTER, Mr. RYUN of Kansas, Mr. KENNEDY of Rhode Island, Mr. GOODE, Mr. GOODLATTE, Mr. SMITH of New Jersey, Mr. RYAN of Wisconsin, Mr. SHAYS, Mr. SHERMAN, Mr. CAPUANO, Mr. TOOMEY, Mr. MILLER of Florida, Mr. BLUNT, Mr. DEMINT, Mr. WELDON of Florida, Mr. BACHUS, Mr. WEXLER, Mr. SHERWOOD, Mr. HULSHOF, Mr. ROYCE, Mr. GALLEGLY, Mr. ROEMER, Mr. SUNUNU, Mr. GILMAN, Mr. PORTMAN, Mr. BUYER, Mr. MATSUI, Mr. TANNER, Mr. STEARNS, Mr. WALDEN of Oregon, Mrs. ROUKEMA, Mr. BASS, Mr. HOUGHTON, Mr. MCHUGH, Mr. CRANE, Mr. MCINNIS, Mr. THOMAS, Mr. SHOWS, Mr. GILLMOR, Mr. LAHOOD, Mr. WATKINS, Mr. BALDACCI, Mr. WU, Mr. SHAW, Mr. ARCHER, Mr. BARRETT of Nebraska, Mr. FRANKS of New Jersey, Mr. SMITH of Texas, Mr. FRELINGHUYSEN, Mr. CAMP, Mr. BERRY, Mr. PHELPS, Mr. COMBEST, Mr. PITTS, Mrs. BIGGERT, Mr. JENKINS, Mr. BEREUTER, Mr. WALSH, Mr. RANGEL, Mr. STARK, Mr. COYNE, Mr. LEVIN, Mr. CARDIN, Mr. MCDERMOTT, Mr. BECERRA, Mrs. THURMAN, Mr. CASTLE, Mr. SPENCE, Mr. WOLF, Mr. HILL of Montana, Mr. MURTHA, Mr. DUNCAN, Mr. GREEN of Wisconsin, Mr. KLECZKA, Mr. NEAL of Massachusetts, Mr. ROGAN, Mr. SALMON, Mr. HAYES, Mr. POMEROY, Mr. COOKSEY, Mr. BURR of North Carolina, Mr. EDWARDS, Mr. COOK, Mr. BENTSEN, Mr. WAMP, Mrs. JOHNSON of Connecticut, Mr. RUSH, Mr. LEWIS of Georgia, Mr. MCNULTY, Mr. COBLE, Mr. ETHERIDGE, Mrs. MCCARTHY of New York, and Mr. STRICKLAND

MARCH 1, 2000

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 1, 1999]

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## A BILL

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Senior Citizens’ Free-*  
3 *dom to Work Act of 2000”.*

4 **SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS**  
5 **WHO HAVE ATTAINED RETIREMENT AGE.**

6 *Section 203 of the Social Security Act (42 U.S.C. 403)*  
7 *is amended—*

8 *(1) in subsection (c)(1), by striking “the age of*  
9 *seventy” and inserting “retirement age (as defined in*  
10 *section 216(l))”;*

11 *(2) in paragraphs (1)(A) and (2) of subsection*  
12 *(d), by striking “the age of seventy” each place it ap-*  
13 *pears and inserting “retirement age (as defined in*  
14 *section 216(l))”;*

15 *(3) in subsection (f)(1)(B), by striking “was age*  
16 *seventy or over” and inserting “was at or above re-*  
17 *irement age (as defined in section 216(l))”;*

18 *(4) in subsection (f)(3)—*

19 *(A) by striking “33<sup>1</sup>/<sub>3</sub> percent” and all that*  
20 *follows through “any other individual,” and in-*  
21 *serting “50 percent of such individual’s earnings*  
22 *for such year in excess of the product of the ex-*  
23 *empt amount as determined under paragraph*  
24 *(8),”;* and

25 *(B) by striking “age 70” and inserting “re-*  
26 *irement age (as defined in section 216(l))”;*

1           (5) in subsection (h)(1)(A), by striking “age 70”  
 2           each place it appears and inserting “retirement age  
 3           (as defined in section 216(l))”; and

4           (6) in subsection (j)—

5                 (A) in the heading, by striking “Age Sev-  
 6                 enty” and inserting “Retirement Age”; and

7                 (B) by striking “seventy years of age” and  
 8                 inserting “having attained retirement age (as de-  
 9                 fined in section 216(l))”.

10 **SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE EX-**  
 11 **EMPT AMOUNT FOR INDIVIDUALS WHO HAVE**  
 12 **ATTAINED RETIREMENT AGE.**

13           (a) **UNIFORM EXEMPT AMOUNT.**—Section 203(f)(8)(A)  
 14 of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is  
 15 amended by striking “the new exempt amounts (separately  
 16 stated for individuals described in subparagraph (D) and  
 17 for other individuals) which are to be applicable” and in-  
 18 serting “a new exempt amount which shall be applicable”.

19           (b) **CONFORMING AMENDMENTS.**—Section 203(f)(8)(B)  
 20 of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is  
 21 amended—

22                 (1) in the matter preceding clause (i), by strik-  
 23                 ing “Except” and all that follows through “which-  
 24                 ever” and inserting “The exempt amount which is ap-

1        *plicable for each month of a particular taxable year*  
 2        *shall be whichever”;*

3            (2) *in clause (i), by striking “corresponding”;*

4            (3) *in clause (ii), in the matter preceding sub-*  
 5        *clause (I), by striking “corresponding” and all that*  
 6        *follows through “individuals)” and inserting “exempt*  
 7        *amount which is in effect with respect to months in*  
 8        *the taxable year ending after 1993 and before 1995*  
 9        *with respect to individuals who have not attained re-*  
 10       *irement age (as defined in section 216(l))”;*

11           (4) *in subclause (II) of clause (ii), by striking*  
 12        *“2000” and all that follows and inserting “1992,”;*  
 13        *and*

14           (5) *in the last sentence, by striking “an exempt*  
 15        *amount” and inserting “the exempt amount”.*

16        (c) **REPEAL OF BASIS FOR COMPUTATION OF EXEMPT**  
 17        **AMOUNT AFFECTING INDIVIDUALS WHO HAVE ATTAINED**  
 18        **RETIREMENT AGE.**—*Section 203(f)(8)(D) of the Social Se-*  
 19        *curity Act (42 U.S.C. 403(f)(8)(D)) is repealed.*

20        **SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

21        (a) **ELIMINATION OF REDUNDANT REFERENCES TO**  
 22        **RETIREMENT AGE.**—*Section 203 of the Social Security Act*  
 23        *(42 U.S.C. 403) is amended—*

24            (1) *in subsection (c), in the last sentence, by*  
 25        *striking “nor shall any deduction” and all that fol-*

1        *lows and inserting “nor shall any deduction be made*  
 2        *under this subsection from any widow’s or widower’s*  
 3        *insurance benefit if the widow, surviving divorced*  
 4        *wife, widower, or surviving divorced husband involved*  
 5        *became entitled to such benefit prior to attaining age*  
 6        *60.”; and*

7            *(2) in subsection (f)(1), by striking clause (D)*  
 8        *and inserting the following: “(D) for which such indi-*  
 9        *vidual is entitled to widow’s or widower’s insurance*  
 10        *benefits if such individual became so entitled prior to*  
 11        *attaining age 60.”.*

12        *(b) CONFORMING AMENDMENT TO PROVISIONS FOR*  
 13        *DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DE-*  
 14        *LAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the So-*  
 15        *cial Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is*  
 16        *amended—*

17            *(1) by striking “either”; and*

18            *(2) by striking “or suffered deductions under sec-*  
 19        *tion 203(b) or 203(c) in amounts equal to the amount*  
 20        *of such benefit”.*

21        *(c) PROVISIONS RELATING TO EARNINGS TAKEN INTO*  
 22        *ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIV-*  
 23        *ITY OF BLIND INDIVIDUALS.—The second sentence of section*  
 24        *223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by*  
 25        *striking “if section 102 of the Senior Citizens’ Right to*

1 *Work Act of 1996 had not been enacted” and inserting the*  
2 *following: “if the amendments to section 203 made by sec-*  
3 *tion 102 of the Senior Citizens’ Right to Work Act of 1996*  
4 *and by the Senior Citizens’ Freedom to Work Act of 2000*  
5 *had not been enacted”.*

6 **SEC. 5. EFFECTIVE DATE.**

7 (a) *IN GENERAL.*—*The amendments and repeals made*  
8 *by this Act shall apply with respect to taxable years ending*  
9 *after December 31, 1999.*

10 (b) *SPECIAL RULE APPLICABLE TO INDIVIDUALS WHO*  
11 *ATTAIN NORMAL RETIREMENT AGE DURING THE FIRST*  
12 *TAXABLE YEAR ENDING AFTER DECEMBER 31, 1999.*—*Sec-*  
13 *tions 202 and 203 of the Social Security Act, as in effect*  
14 *immediately prior to the amendments and repeals made by*  
15 *this Act, shall apply to any individual who attains retire-*  
16 *ment age (as defined in section 216(l) of such Act) during*  
17 *the first taxable year ending after December 31, 1999 (and*  
18 *to any person receiving benefits under title II of the Social*  
19 *Security Act on the basis of the wages and self-employment*  
20 *income of such individual), but only with respect to earn-*  
21 *ings for so much of such taxable year as precedes the month*  
22 *in which such individual attains retirement age (as so de-*  
23 *finied).*

Union Calendar No. 284

106TH CONGRESS  
2D SESSION

**H. R. 5**

[Report No. 106-507]

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**A BILL**

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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MARCH 1, 2000

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed



SENIOR CITIZENS FREEDOM TO  
WORK ACT

(Mr. EDWARDS asked and was given permission to address the House for 1 minute.)

Mr. EDWARDS. Mr. Speaker, we should reward work, not punish work. We should honor citizens who work, not tax them. That is why I urge the House today to pass a bill to let seniors work without losing any Social Security benefits.

It is unfair under present law that 800,000 of our seniors in America lose \$1 in Social Security benefits for every \$3 they earn. The Seniors Citizens Freedom to Work Act deserves our support today. Then, in the days ahead, this Congress should move forward to use our surplus to protect Social Security and Medicare and we should fight to bring down the high cost of prescription drugs for our seniors.

Our seniors have made this a better country. They have earned our support. They deserve our respect and our vote.

Freedom to Work Act. It is important legislation for our seniors.

Seniors between the ages of 65 and 69 currently will lose a dollar's worth of their Social Security benefits for every \$3 they earned over \$17,000. Senior citizens should not be penalized for working. It is unconscionable for this Government to take away these hard-earned benefits.

During the Great Depression, unemployment exceeded 25 percent and wages were plummeting. In 1935, it made sense to create a disincentive for older workers in order to create jobs for new workers, but this policy is no longer needed.

More than 800,000 working senior citizens lose part or all of their Social Security benefits due to this obsolete provision. Today, we will have an opportunity to remove the earnings limit.

I am glad that the President is on board and that he will be able to sign this legislation after we pass it. Ending the earnings limit is good policy for America. It is good for our seniors; it is the right thing to do.

1030

MAKING IN ORDER AT ANY TIME  
CONSIDERATION OF H.R. 5, SENIOR  
CITIZENS' FREEDOM TO  
WORK ACT OF 1999

ENDING THE EARNINGS LIMIT

(Mr. KUYKENDALL asked and was given permission to address the House for 1 minute.)

Mr. KUYKENDALL. Mr. Speaker, today I rise in support of H.R. 5, which is coming up later, the Senior Citizens

Mr. SHAW. Mr. Speaker, I ask unanimous consent that it be in order at any time to consider in the House without intervention of any point of order the bill (H.R. 5) to amend title II of the Social Security Act to eliminate the

earnings test for individuals who have attained retirement age; the bill be considered as read for amendment; the amendment recommended by the Committee on Ways and Means now printed in the bill be considered as adopted; the bill, as amended, be debatable for 2 hours, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; and the previous question be considered as ordered on the bill, as amended, to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Florida?

Mr. STENHOLM. Mr. Speaker, reserving the right to object, I will not object. I strongly support repeal of the Social Security earnings limit and do not intend to unduly delay action on this bill. In fact, repeal of the earnings limit has been part of the comprehensive Social Security reform legislation that the gentleman from Arizona (Mr. KOLBE) and I have introduced in the last two Congresses.

However, I rise in reservation to this unanimous consent request to express my disappointment that we are considering legislation that will increase Social Security benefits without even discussing the long-term financial challenges facing Social Security. We should have spent the last year working on a comprehensive plan to strengthen Social Security that would restore solvency, reduce unfunded liabilities, give workers greater control of their retirement income, improve the safety net, and reward work; but we, both the President and Congress, have ignored our opportunity to deal with the long-term challenges facing Social Security.

If we are going to pass this legislation increasing costs outside of the context of reform, we should at least be talking about ways to bring more attention to the challenges that remain. The gentleman from Arizona and I had hoped to offer an amendment regarding the recent recommendations of the Social Security advisory board which would more directly confront Congress with the true scope of Social Security's financing challenges. Our amendment would have made a modest step in advancing the discussion about the challenges facing Social Security among policymakers and the public.

Last November, the Social Security Advisory Board Technical Panel released a report outlining a variety of recommendations about how we measure the problems facing the Social Security trust fund, how we talk about those problems and criteria for evaluating reform proposals. Our amendment would have taken the good work of the Technical Panel to encourage a more honest and accurate discussion of the challenges facing Social Security.

The Technical Panel report suggested that the challenges facing Social Security may be even greater than re-

ported. While there has been a lot of discussion about the possibility that a stronger economy will reduce the shortfalls facing Social Security, the Technical Panel warned us that the projected shortfall could increase as life expectancy increases faster than expected.

The panel also made a variety of useful recommendations about additional information that should be included in the trustees' report regarding the size of the unfunded liability and other information illustrating the nature of the problem in greater detail. This type of information would improve the quality of the Social Security debate tremendously, because the facts of the debate would be more clearly established and stated.

Finally, the panel made several recommendations for the evaluation of Social Security reform proposals. In particular the panel suggested that we should look beyond simply determining whether or not a plan restores trust fund solvency and consider other criteria that are as important as, if not more important than restoring solvency over the 75-year period such as the effect on the rest of the budget.

Unfortunately, today we do not have time to discuss any of these issues. I would respectfully encourage the chairman of the Committee on Ways and Means and the subcommittee on Social Security to conduct hearings on these recommendations so that they may receive the attention they deserve. I also hope the Social Security trustees seriously consider all of the recommendations of the technical panel.

Mr. Speaker, further reserving the right to object, I yield to my colleague, the gentleman from Arizona (Mr. KOLBE) with whom I have worked closely on strengthening the future of Social Security, a Member who has been a leading advocate of comprehensive Social Security reform legislation that repeals the earnings limit and ensures that Social Security will be strong for our children and grandchildren.

Mr. KOLBE. Mr. Speaker, I appreciate the gentleman from Texas yielding to me under his reservation. I will be very brief. Let me just say I feel very privileged today and am proud to be associated with the remarks that the gentleman from Texas just made. The gentleman from Texas has been and continues to be a leader in the fight to have a responsible Social Security reform. The integrity and the unwavering commitment that he has shown for preserving Social Security for future generations are worthy of the respect of all of us in this body.

I am a longtime advocate of repealing the earnings limit. It is a remnant of depression-era policies that have no place in a 21st century economy. I have supported similar measures in the past and as the gentleman from Texas (Mr. STENHOLM) has said, it is a cornerstone of the Kolbe-Stenholm Social Security reform legislation.

However, I am disappointed that Congress is passing this important reform without at least confronting the impact the change is going to have on the trust fund. Like it or not, election year or not, sooner or later this House, this Congress, this Nation must address the financial crisis that looms over Social Security. The longer we wait, the tougher the choices are going to be.

The legislation we pursue today must become one part of a comprehensive reform package. There are no shortage of reform options. There is the one that I mentioned myself that the gentleman from Texas and I have proposed. The gentleman from Texas (Mr. ARCHER) and the gentleman from Florida (Mr. SHAW) have another one. The gentleman from Michigan (Mr. SMITH), the gentleman from Ohio (Mr. KASICH), those are just a few of the reform proposals that have been offered in this House but have yet to come to the floor, have yet to be really debated. What we lack is will and leadership in this country and we have seen that at both ends of Pennsylvania Avenue.

We should pass this bill today. But I do not think we should be content with this effort. We must recognize that we have an obligation to preserve Social Security for our children and our grandchildren. Mr. Speaker, only real reform will do that.

Mr. STENHOLM. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Florida (Mr. SHAW), the chairman of the subcommittee dealing with Social Security.

Mr. SHAW. I thank the gentleman for yielding to me under his reservation. I would like to compliment the gentleman from Texas as well as the gentleman from Arizona and many more Members of this body for having a genuine desire and actually having stepped forward with regard to some genuine steps to prolong the life of Social Security and even to bring it about as a permanent program that would no longer be concerned about the amount of funding.

The gentleman has taken some bold steps, and he is to be complimented on that. The gentleman from Texas (Mr. ARCHER), the chairman of the full committee, and I have also put a plan on the table that has a great deal in common with the Stenholm-Kolbe plan, and we had hoped to bring this forward.

History tells us, however, that there is no genuine Social Security reform without the inclusion of the President. Every single major change that has been made in Social Security has been made with the encouragement and the joinder of the White House. Also, it would be wrong and extremely difficult for one party to reform Social Security without being joined by the other party. We have sent out many, many feelers to the White House. I know the gentleman from Texas (Mr. ARCHER) has been down and talked personally with the President. He is well aware of your plan, and he is well aware of our plan.

We have also spoken with members of the leadership on the Democrat side and we have also spoken to organized labor and various senior groups. We find now that everything seems to be getting down into presidential politics and to actually quote the President from an interview he had, I think it was a Wall Street Journal some weeks ago, he said that this reform would be left to the next President.

I regret that. But I think that that is a fact of life and it is something that we are going to be faced with. I look to next year, perhaps we could still do it this year. I would like to reach out to the gentleman from California (Mr. MATSUI) and to the gentleman from Texas (Mr. STENHOLM) and to the gentleman from Arizona (Mr. KOLBE) and all those who want to reform Social Security.

We are going to have more hearings. We are not going to waste the rest of the year. However, I will say this, and I think this is tremendously important. Part of Social Security reform has been to lock away the Social Security surplus so it cannot be spent. The House has done that. Also, an important part is a bill that we have today, and that is to get rid of this shameful earnings penalty that should have been done away with many, many years ago and was not.

This is a great day, and it is a day for us to celebrate that we are coming together, we have a piece of Social Security reform. This is a very important piece for our seniors. I compliment the gentleman from Texas, and I look forward to continuing to work with him for the rest of the year.

We are going to have hearings; we are going to have hearings on this and many issues pertaining to Social Security between now and the end of this term, and we all will come back next term and really put it away. We are not wasting time, we are going ahead with the hearing process.

However, we need a coming together, we need a joinder, we need to get the presidential election behind us. I would hope whoever the President is, the next President is, that that President, that he will be anxious, willing and reach out to the House and the Senate to reform Social Security for all time.

Mr. MATSUI. Mr. Speaker, will the gentleman yield?

Mr. STENHOLM. Further reserving the right to object, I yield to the gentleman from California.

Mr. MATSUI. Mr. Speaker, I will take just a moment, but I would like to commend the gentleman from Texas and the gentleman from Arizona. I looked at their proposal. It has been out there now for a year and a half. I have to say it is a very credible proposal. It is probably one of the most realistic proposals that we have before us.

The fact that you have raised this before this matter is brought to the floor is timely, and I am very pleased that you have done so. I would want to say,

however, that both the gentleman from Texas (Mr. ARCHER) and the gentleman from Florida (Mr. SHAW) have a proposal, the President has a proposal, and perhaps there will be a time in the next few months where we can bring a number of them, all three, four or five of them, whatever number there are, together to begin to discuss them. Obviously the solving of the Social Security deficit problem is the number one problem we are all facing. But I appreciate the fact that the two gentlemen have raised this issue.

Mr. STENHOLM. Mr. Speaker, further reserving the right to object, and I will conclude by this observation. I would very much associate myself with the remarks of the gentleman from Florida. He has been a true worker in this endeavor. He points out some of the pitfalls and the difficulties that we would have this year. But by the same token, and I will have more to say about this in the 2 hours of general debate, I would hope that everybody would recognize that there are those on this side of the aisle that are prepared to reach out in the hands of friendship and bipartisan work to deal with the tough questions and that how we handle this debate politically on both sides of the aisle can again do the kind of damage to the process of which I know the gentleman from Florida (Mr. SHAW), the gentleman from Texas (Mr. ARCHER), and the gentleman from California (Mr. MATSUI) do not wish to see happen. So I would hope that we could cushion and caution and soften our words as we debate today about this issue since there is unanimous agreement that this issue needs to happen.

1045

It is the context in which we bring this reservation up.

Mr. Speaker, with those comments, I encourage Members to unanimously support this very good piece of legislation today.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Florida?

There was no objection.

#### SENIOR CITIZENS' FREEDOM TO WORK ACT OF 1999

Mr. ARCHER. Mr. Speaker, pursuant to the unanimous consent request of earlier today, I call up the bill (H.R. 5) to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the order of the House of today, the bill is considered read for amendment.

The text of H.R. 5 is as follows:

H.R. 5

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 1999".

#### SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3)—

(A) by striking "33½ percent" and all that follows through "any other individual," and inserting "50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8)."; and

(B) by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "Age Seventy" and inserting "Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

#### SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

(a) UNIFORM EXEMPT AMOUNT.—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking "the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable" and inserting "a new exempt amount which shall be applicable".

(b) CONFORMING AMENDMENTS.—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(1) in the matter preceding clause (i), by striking "Except" and all that follows through "whichever" and inserting "The exempt amount which is applicable for each month of a particular taxable year shall be whichever";

(2) in clauses (i) and (ii), by striking "corresponding" each place it appears; and

(3) in the last sentence, by striking "an exempt amount" and inserting "the exempt amount".

(c) REPEAL OF BASIS FOR COMPUTATION OF SPECIAL EXEMPT AMOUNT.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

#### SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.

(a) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60."; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60.".

(b) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended—

(1) by striking "either"; and  
(2) by striking "or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit".

(c) PROVISIONS RELATING TO EARNINGS TAKEN INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking "if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted" and inserting the following: "if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work Act of 1996 and by the Senior Citizens' Freedom to Work Act of 1999 had not been enacted".

#### SEC. 5. EFFECTIVE DATE.

The amendments and repeals made by this Act shall apply with respect to taxable years ending after December 31, 1998.

**SPEAKER pro tempore.** The amendment printed in the bill is adopted.

The text of H.R. 5, as amended, is as follows:

#### H.R. 5

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".

#### SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3)—  
(A) by striking "33½ percent" and all that follows through "any other individual," and inserting "50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8)."; and  
(B) by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and  
(6) in subsection (j)—

(A) in the heading, by striking "Age Seventy" and inserting "Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

#### SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

(a) UNIFORM EXEMPT AMOUNT.—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking "the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable" and inserting "a new exempt amount which shall be applicable".

(b) CONFORMING AMENDMENTS.—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(1) in the matter preceding clause (i), by striking "Except" and all that follows through "whichever" and inserting "The exempt amount which is applicable for each month of a particular taxable year shall be whichever";

(2) in clause (i), by striking "corresponding";  
(3) in clause (ii), in the matter preceding subclause (1), by striking "corresponding" and all that follows through "individuals" and inserting "exempt amount which is in effect with respect to months in the taxable year ending after 1993 and before 1995 with respect to individuals who have not attained retirement age (as defined in section 216(l))";

(4) in subclause (II) of clause (ii), by striking "2000" and all that follows and inserting "1992"; and

(5) in the last sentence, by striking "an exempt amount" and inserting "the exempt amount".

(c) REPEAL OF BASIS FOR COMPUTATION OF EXEMPT AMOUNT AFFECTING INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

#### SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.

(a) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60."; and  
(2) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60.";

(b) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended—

(1) by striking "either"; and  
(2) by striking "or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit".

(c) PROVISIONS RELATING TO EARNINGS TAKEN INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking "if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted" and inserting the following: "if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work Act of 1996 and by the Senior Citizens' Freedom to Work Act of 2000 had not been enacted".

(d) IN GENERAL.—The amendments and repeals made by this Act shall apply with respect to taxable years ending after December 31, 1999.

(e) SPECIAL RULE APPLICABLE TO INDIVIDUALS WHO ATTAIN NORMAL RETIREMENT AGE DURING THE FIRST TAXABLE YEAR ENDING AFTER DECEMBER 31, 1999.—Sections 202 and 203 of the Social Security Act, as in effect immediately prior to the amendments and repeals made by this Act, shall apply to any individual who attains retirement age (as defined in section 216(l) of such Act) during the first taxable year ending after December 31, 1999 (and to any person receiving benefits under title II of the Social Security Act on the basis of the wages and self-employment income of such individual), but only with respect to earnings for so much of such taxable year as precedes the month in which such individual attains retirement age (as so defined).

(f) THE SPEAKER pro tempore. The gentleman from Texas (Mr. ARCHER) and the gentleman from California (Mr. MATSUI) each will control 1 hour.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

#### GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 5.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today is an exciting day for me personally, and it is a great day for the hundreds of thousands of working seniors across this country. It is the culmination of my personal 29-year effort to repeal the earnings penalty.

I launched this effort as one of the first bills that I introduced after being sworn in in 1971. The reason then to repeal the earnings penalty is the same as it is today: the earnings penalty is simply wrong. I also thank the gentleman from Texas (Mr. SAM JOHNSON); the gentleman from Florida (Mr. SHAW), the Chairman of the Subcommittee on Social Security; and the Speaker for their tireless efforts on this bill.

The Social Security earnings penalty, like the marriage tax penalty, like the death tax, like the capital gains tax, like the tax on savings, like the alternative minimum tax and so many other taxes, is simply unfair and wrong. It is unfair; it is backwards. The earnings penalty actually cuts Social Security benefits for many working seniors over the age of 65, and it discourages them from working. It increases their effective tax rate to the highest percentage of a lifetime for many of them, and that is wrong.

Now, why in the world would we want to discourage any American, whether they are 17 or 67, from working?

Today this Congress will once again do the right thing and repeal the earnings penalty for those hard-working and deserving Americans. I am proud to be a part of a Congress that fixes what is wrong and does what is right.

It was right to balance the budget and to pay down the debt, and we did that. It was right to strengthen Medicare, and we did that. It was right to cut taxes for families and to promote higher education and expand health care, and we did that. It was right to fix the broken welfare system so that Americans can discover the freedom of work, independence and the power of responsibility, and we did that. It was right to reform the IRS, and we did that. It was right to expand educational opportunities for school children and give more flexibility to parents, teachers and local school boards, and we did that. It was right to stop the raid on the Social Security trust fund and protect every dime of Social Security from being spent on other programs, and we did that.

Now it is right to repeal the earnings penalty for working seniors. They deserve to be treated fairly. After all these years, it is heartening that this effort is finally bipartisan and the President will sign this bill. Clearly it is the right thing to do.

The Social Security earnings penalty punishes seniors who choose to keep working. More seniors are choosing to work past their retirement for many reasons: for their own financial needs, because Social Security benefits for most are not adequate by themselves to support retirement; to help their families or their grandchildren through school; and for their own personal fulfillment. The point is, Americans are living longer now and older Americans can work, they want to work, and they should not be punished by an outdated law if they choose to work.

In addition, repealing the earnings penalty now will unleash the productivity of one of the most experienced and talented workforces in this country at a time when our growing economy needs it. This is clearly a win-win for everyone, which is why the bill now enjoys widespread bipartisan support.

In summary, repealing the earnings penalty is based on the fundamental principles of fairness and freedom. Seniors should be free to work without penalty and treated fairly by a program they paid into all of their lives. Working seniors across this country have waited long enough; and they deserve the action now, and they will get it now.

Mr. Speaker, I reserve the balance of my time.

Mr. MATSUI. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, first of all I would like to congratulate the gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL), certainly the gentleman from Florida (Mr. SHAW) and members of the committee, and also the two prime sponsors of this bill, the gentleman from Texas (Mr. SAM JOHNSON) and the gentleman from Minnesota (Mr. PETERSON). They have obviously done a great job in getting co-sponsors of this bill and explaining it to Members of this institution.

Mr. Speaker, I would just like to reiterate some of the words of the chairman of the committee. The earnings test is obviously something that has been misunderstood over the years. It is basically a penalty on those senior citizens that have earned their Social Security benefit but want to stay in the workforce beyond the age of 65.

The fact that we have had this earnings test actually has deterred over 800,000 Americans a year from the workforce. In fact, we have had some studies done by a University of California San Diego professor that has said that this will actually, by eliminating the earnings test, increase the labor pool in America by 5 percent.

In addition, the Social Security Administration has estimated that the administration of the earnings test

plus the delayed earnings credit essentially costs \$100 to \$150 million a year; and because of the earnings credit, we have seen errors in the range of \$500,000 to \$600,000 per year just in administering this program. As a result of that, it is obvious we should repeal it at this particular time.

Mr. Speaker, it is my hope also as we talk about repealing this earnings test, which will be done, we not be unmindful of what the gentleman from Texas (Mr. STENHOLM) and the gentleman from Arizona (Mr. KOLBE) said in terms of some of the long-term issues of Social Security that I am sure all of us in this institution want to deal with.

The gentleman from Florida (Mr. SHAW) yesterday when we marked up this bill indicated he will be holding in the month of March, this month, some additional hearings dealing with poverty among women, the blind and the disabled, and I want to thank the gentleman for holding those hearings as well, because I think that will further the procession of making sure that we create incentives for work under the Social Security system for those that need to work and receive benefits at the same time.

Mr. Speaker, I urge an "aye" vote on this particular bill.

Mr. Speaker, I reserve the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield 3½ minutes to the gentleman from Florida (Mr. SHAW), the highly respected chairman of the Subcommittee on Social Security.

Mr. SHAW. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, I obviously strongly support H.R. 5, legislation that would repeal the earnings penalty for hard-working seniors age 65 and over. Many seniors are shocked to learn that if they work past the age of 65 they may lose some or even all of their Social Security benefits. This is due to something called the Social Security "earnings limit" or "earnings penalty." This rule has been in place since Social Security started in the 1930's, but that does not make it right.

Because of this rule, many older people left the workforce, making their jobs available for younger workers. That policy may have made sense during the Great Depression when those jobs were needed. However, that clearly does not apply today.

Today's economy needs the experience and ability of seniors; yet the earnings penalty has lived on. Seniors affected by this penalty lose an average of \$8,000 in benefits per year. Nationwide, about 800,000 lost benefits just last year, and thousands more avoided losing benefits by cutting back on how much they worked in order to avoid this unfair penalty.

Some might recall that in 1996 we eased the earnings limit for seniors who reached the full retirement age. As a result, seniors aged 65 through 69 have been able to earn a bit more each year since then without experiencing

the cut in their benefits. While that was a positive step, many of us have long felt that it was wrong to punish hard-working seniors, period, many of whom just want to work, and many of whom have to work.

Mr. Speaker, what message does the earnings penalty send? That the contributions of seniors are no longer needed? That seniors should head for the sidelines of the economy due to age alone? That seniors do not deserve the benefits that they paid for simply because they continue working? I do not think anybody in this chamber or in this Congress feels that way. That is why so many of us have expressed support for H.R. 5, this bipartisan bill before us today, that will eliminate this penalty for good.

A broad spectrum of business and senior groups, including the AARP, support this bill. They know it is good for seniors, it is good for business, and it is good for this country and its economy.

I congratulate the gentleman from Texas (Mr. SAM JOHNSON) and the gentleman from Minnesota (Mr. PETERSON), the original sponsors of the bill. I want to congratulate the gentleman from Texas (Chairman ARCHER) for his years of tireless work in relaxing and now repealing this earnings penalty. The gentleman has been a personal testament to what hard-working seniors can do. The gentleman especially should be gratified that all of his years of hard work to repeal this unfair limit are paying off.

Mr. Speaker, eliminating the earnings penalty is the right thing for seniors who have spent a lifetime working for their Social Security benefits. They should get all the benefits they earn and that they have paid for. Today we are taking one major step closer to seeing that occur. I encourage the Senate to approve this legislation quickly so it can be signed into law as promised by the President.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Speaker, I thank the gentleman for yielding me time and join in the accolades to those who have brought this bill to the floor today, which addresses a problem probably for 5 percent of the wealthiest beneficiaries under Social Security. It is a vestigial prohibition on getting retirement income. No other retirement plan denies that.

I was intrigued this morning as we had all of this bipartisan self-congratulation. The fact is that while we do this, there are partisan rumblings in attacking members of the Democratic Party for sometime in the past perhaps having voted against this procedure in another bill. So I would just as soon unmask for a while, in the most partisan way I can, the Republican charade, because while we are doing this, we are still denying under the Republican leadership the chance for the Patients' Bill of Rights bill to go forward.

It is a bill that was passed in a bipartisan way; yet it is being stalled by the Republicans.

Last year in October in the Committee on Ways and Means, in a bipartisan attempt to pass the Balanced Budget Act, we offered an amendment that would have given a discount on pharmaceutical drugs to every senior, a substantial discount, at no cost to the Federal Government, and every Republican voted to deny the seniors this opportunity to get a discount on their pharmaceutical drugs. So as we talk later today, I hope that the gentleman from Florida (Mr. SHAW) will explain to me why that is a good bipartisan thing for the seniors in Florida to be denied a discount, and I hope the gentleman from Arizona (Mr. HAYWORTH) will come down and explain to us why he voted to deny seniors in Arizona a discount on their pharmaceutical drugs.

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Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a respected member of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I appreciate the gentleman yielding time to me. I appreciate what he has been doing on this bill. I know he has been working on it for many, many years. We truly appreciate it coming up today.

Mr. Speaker, 1 year ago I introduced H.R. 5, the Freedom to Work Act. Yesterday, every member of the Committee on Ways and Means voted to send the bill to the floor to repeal the social security earnings penalty.

Under current law, our seniors age 65 to 69 can earn only \$17,000 before they lose \$1 in social security benefits for every \$3 they earn. This limit is unfair, outdated, and bad for the economy. This obsolete social security earnings penalty must be eliminated.

As we all know, our seniors have earned social security benefits through a lifetime of contributions. They have worked for them, and they are entitled to their full benefits. It is their money, it is not Washington's money. It should not be taken away from them just because they choose to work after they reach normal retirement age.

The earnings penalty adversely affects 800,000 seniors who reach the normal retirement age. It discriminates against our senior citizens who must work in order to supplement their benefits. That is just not right. The earnings penalty is a Depression-era law whose time has long since come and gone. Today, with unemployment at record lows, seniors are needed in the work force, so the last thing we ought to do is discourage them from working.

Senior citizens who work not only lose a large percentage of their social security benefits today due to the earnings penalty, but they pay social security taxes, Medicare taxes, Federal taxes, and probably State income taxes, as well. Combined with the earn-

ings penalty and these other taxes, our seniors may face a marginal tax rate as high as 80 percent.

The earnings penalty is complicated and difficult to understand. In addition, the earnings penalty is complex and costly to the Federal government to administer. For example, the earnings penalty is responsible for more than half of the social security overpayments.

The Social Security Administration estimates that administering the earnings penalty takes 1,200 people and costs \$150 million a year. Repeal of the earnings penalty would allow our senior citizens to work more, the American economy would benefit from their experience and skills, and it does not cost anything.

According to the Social Security Administration actuaries, a repeal of the earnings penalty will not affect the social security trust fund. Two weeks ago, the President finally agreed to sign the bill. I am pleased that he has decided to help us fix this unfair penalty.

Mr. Speaker, I fought for freedom in two wars, Korea and Vietnam. I believe that freedom entitles our seniors the ability to work without penalty. America's seniors want, need, and deserve a repeal of this penalty.

Mr. MINETA. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, as has been pointed out, last year almost 800,000 seniors had their social security benefits reduced because of this earnings test. Next year, over 600,000 seniors will be forced to defer their benefits because they had earnings over \$17,000.

Today we are passing a commonsense change that allows seniors to be able to earn, be able to continue to work, and be able to collect their social security checks. As the gentleman from Texas (Mr. SAM JOHNSON) pointed out, it will have no effect on the long-term solvency of social security.

For the first time, we allow seniors to continue to earn a paycheck without taking it out of their social security check. Seniors who want to continue working should be able to stay in the labor force without losing their hard-earned social security benefits. At a time with a tight labor market and historically low personal savings, it does not make sense to discourage our most experienced workers from staying productive. Yet, the earnings penalty amounts to a 33 percent marginal tax rate on work.

This change will particularly help women workers, who have historically had lower earnings and an uneven work history. Work for women becomes even more important, and they should not be penalized by the social security system.

Mr. Speaker, let me point out, as my friend, the gentleman from Texas, pointed out during an earlier discus-

sion, yes, many of us would like to see comprehensive reform of our social security system. We should be doing that. But we should not stop making changes that are commonsense, that we can get done, such as removing the earnings test.

I urge my colleagues on the other side of the aisle that the same logic should apply to Medicare. If we are unable to bring forward comprehensive Medicare reform, let us at least agree on prescription drugs. We know in a bipartisan way that we need to do that.

The example that we have used on this earnings test, a bipartisan agreement between the Democrats and the Republicans to move this bill, let us do the same on other issues that are important to all of our constituents.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), another respected member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from Texas for yielding time to me, the distinguished chairman of the Committee on Ways and Means, who has labored so hard for this commonsense reform so greatly needed for so long.

History reminds us that Arizona's favorite son, Barry Goldwater, in the other Chamber, brought this idea forward long ago. I am so glad, in the spirit of bipartisanship now, that others in previous Congresses so reluctant to address this commonsense reform would join with us today for this landmark legislation.

Almost 20,000 seniors in Arizona, 1.1 million seniors nationwide, are being penalized because they choose to work, are being penalized because they bring to the workplace maturity and experience and energy.

Mr. Speaker, we need those experienced workers in our work force. One thing I have learned in representing the Sixth Congressional District of Arizona, with so many seniors, is that these folks have so much to contribute, so much to give, yes, as volunteers in retirement age, but also active in the work force. That is what they bring and that is what we celebrate today.

So again, we welcome the converts to this, and we are at long last addressing this issue. This is a great day for America's seniors, for all Americans, because today we throw off the yoke of unfairness: an important first step which we must follow in many other ways, but it begins here, it begins now, and we welcome the cooperation.

Mr. MINETA. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, in 1996, I voted to increase the Social Security earnings limit to \$30,000, effectively the year after next. In 1998, I voted to increase it even further, up to \$39,000. So I am, of course, supportive when the Republican leadership finally gives us an opportunity to take the cap off entirely. This bill may help as many as 5 percent of our most successful seniors.

But amid all the self-congratulatory back-slapping that we see here today, let us be sure to understand what this bill is and what it is not. It represents well-justified relief for the top 5 percent. It represents top-down reform, but it does nothing for the 95 percent of the remaining Americans who rely on social security. It does nothing for those seniors whose health does not permit them to work, and who would benefit more from getting access to prescription drugs and an end to the discrimination they face with huge prices they are charged by the pharmaceutical companies.

This legislation is very significant to older Americans who have the capacity to keep earning more than \$30,000 a year, but in terms of overall reform of the Social Security system, to preserve it for future generations, it is a very modest change.

Of all the changes that we can make in this Congress, interestingly enough, this is one of the few that is politically painless. It represents essentially an eat-dessert-first approach to reform. Congress should be grappling with the tough choices that we face on how to extend the solvency of Social Security for all Americans and for future generations of Americans, not just the politically easy step that primarily puts more benefits in the pockets of the most successful seniors, coincidentally, during an election year.

I would say this morning, better a reform for 5 percent than no reform at all. But for most Americans who are counting on Social Security, this change makes no real difference in their lives. It is long past time that this Congress got about doing something for them.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. FOLEY), another respected member of the Committee on Ways and Means.

Mr. FOLEY. Mr. Speaker, I thank the gentleman for yielding time to me. I thank the chairman for his hard work on this bill. Since 1986 the gentleman from Texas (Mr. ARCHER), the chairman of our committee, has been working on this product, joined with the gentleman from Illinois (Mr. HASTERT), now, and with the leadership of the gentleman from Florida (Mr. SHAW) and the gentleman from Texas (Mr. SAM JOHNSON), we see victory today for senior citizens.

But even in light of victory, we have to have a little bit of a political zinger put on the floor by the gentleman from Texas (Mr. DOGGETT). He has to drill a little needle there into this debate, rather than celebrate the rewards of senior citizens across America.

At 65, under this policy that was maintained by 40 years of Democratic leadership, we were telling seniors, get out of the way, you are too old and you are too tired. Modern-day America recognizes, and particularly our party recognizes, that seniors 65 are in the prime of their lives.

My father at 77 years of age retired as a principal of a high school in Lake

Worth, Florida. He contributed to the children of Palm Beach County schools, and he did it because, first and foremost, he loved children, and secondly, he had a lot to give to our community.

But no, for many, many years they blocked the attempt to reform this crazy notion of retirement at 65, or penalizing, should one work.

Mr. Speaker, let us face reality. Just like social security predicts that more retirees than active workers will exist in 10 or 20 years, so will be the notion of less workers available for active duty. This bill provides relief for the baby boomers who will retire to stay engaged and stay working.

So today, rather than taking political shots across the aisle, let us join hands in this bipartisan spirit. But I must insist on commending the gentleman from Texas (Mr. ARCHER), because he has been working on this when he was in the minority, and finally now has had comity from the other side of the aisle to bring this measure to the floor; the gentleman from Illinois (Mr. HASTERT) in the same period, and again, the gentleman from Florida (Mr. SHAW) from my district.

The gentleman from Florida (Mr. SHAW) and I have probably the 6th and 7th oldest Medicare recipient districts in the Nation. So today I join my good friend, the gentleman from south Florida, in saluting our retirees who worked so hard to pay to run the government of the United States of America.

Mr. MINETA. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Minnesota (Mr. PETERSON), the original sponsor of this legislation.

Mr. PETERSON of Minnesota. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I am proud to be here today, along with my good friend, the gentleman from Texas (Mr. SAM JOHNSON), bringing this bill forward.

This is something that I have been for for a long time. I used to do tax returns for a living, and saw firsthand the impact this had on people. This is something that probably made sense back in the thirties, but its time has past. It is time for us to get rid of this penalty, which causes these people to pay some of the highest marginal tax rates in this country.

My district is a very rural district. We are having a lot of trouble out in the farm part of the district. In the cities, St. Cloud is a big city, and Moorhead, which is a middle-sized city, or Aurora, which is a small city, the problems we are having is getting enough workers to fill the jobs that we have out there.

In this pool of workers that are being penalized, we have a lot of people that have talent that want to work, and this is going to free up a lot of folks to do what they want to do. It makes sense.

One other thing I want to focus on. One of the things this will solve is, part

of the problem our farmers are having is with their being taxed on the rent that they are charging for their farmland. The IRS, because apparently one word was left out of a statute, are forcing farmers to pay self-employment tax on their rent. These are the only businesspeople in America that are doing this. If you are in the real estate business, if you are a CPA, if you rent a building or land to your kids or to anybody else, you do not pay self-employment tax, but farmers do.

If they pay this self-employment tax, they can also be subject to the self-employment tax penalty that we are getting rid of here today, so this is going to solve part of the problem.

We appreciate the chairman's leadership on this issue, and we hope the gentleman would look at the other part of the problem, because it really is crazy, what we are doing to farmers. They have tremendous pressure on them now. In my district, none of them are making any money.

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The last thing they need is to have another tax put on them. So we would appreciate a look at that.

Mr. SHAW. Mr. Speaker, will the gentleman yield?

Mr. PETERSON of Minnesota. I yield to the gentleman from Florida.

Mr. SHAW. The gentleman has brought up a very sensitive point.

The SPEAKER pro tempore (Mr. LAHOOD). The time of the gentleman from Minnesota (Mr. PETERSON) has expired.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. HOUGHTON), another respected member of the Committee on Ways and Means.

Mr. HOUGHTON. Mr. Speaker, I yield briefly to the gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Speaker, the gentleman from Minnesota (Mr. PETERSON) brought up a point that we are waiting for the Commissioner of Social Security to reply to, because he has raised a very good point and something that our committee intends to address. I thank the gentleman from New York (Mr. HOUGHTON) for yielding to me.

Mr. HOUGHTON. Mr. Speaker, reclaiming my time, I thank the gentleman from Texas (Mr. ARCHER) for yielding me this time. It is sort of too bad that certain people on the other side take a partisan view of this thing. It is not partisan; it is bipartisan. It makes sense. The timing is right. There is overwhelming support for this.

When I started to work in the early 1950s, 47 percent of the people over 65 were working. Today, only 17 percent. That is not very good.

I always think as the speed of light and communication and data processing is sort of inevitable, so is the fact that people are living longer.

I have a mother who is 99 years old, born in 1900. When she was born, the actual actuarial age of women was

about 47. That was the life span. Today, it is in the 70s. Tremendous difference.

We need able people. Warren Buffett of Berkshire Hathaway has a lady over 90 years old working in his company. When companies get somebody good, they want to hold on to them. And people who work longer, they live longer, they feel healthy and want to make a contribution. So anything standing in the way, which is this double taxation of their Social Security benefits, is wrong and is not fair and it will be scrapped, and should be scrapped, if H.R. 5 goes through.

Mr. Speaker, I would just like to say one other thing. There was a lady called Marijo Gorney, and she has worked around here for 35 years. She is now retired. Mr. Speaker, this was her baby. This was her concept. She pushed it. She is now retired; and I hope she is watching this, because a lot of the success of this program is due to her.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Massachusetts (Mr. NEAL) a member of the committee.

Mr. NEAL of Massachusetts. Mr. Speaker, I would like to offer my voice in support of repeal of the earnings test, and I am certainly pleased that the Committee on Ways and Means acted so quickly, once President Clinton urged us to do so on February 14. I only wish that at the committee level we could be as accommodating on some other issues.

The retirement test is clearly a provision which has outlived its usefulness. With senior citizens living longer and longer, we should encourage those who want to continue to work, rather than discourage that effort. I do wish that we had the ability in committee to make some additional changes, however, such as offering the government pension offset that was sponsored by the gentleman from Louisiana (Mr. JEFFERSON).

Mr. Speaker, this unfair provision affects the spousal benefits of State and local workers and was enacted in response to a Supreme Court case that dealt with an entirely different problem. It is now time for that provision to be repealed as well, or at least significantly modified.

Mr. Speaker, this is a good bipartisan bill. I hope it reaches the President's desk soon, and I hope it will serve as an example that reaching an agreement when we can is far better for the American people than producing what is oftentimes so much unnecessary conflict in this institution. I am pleased to lend my name in support of this initiative. It is long overdue, but the point is that we are acting on it today. I think that there is an opportunity here for a lot of people to take some satisfaction from this initiative.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. GOSS).

(Mr. GOSS asked and was given permission to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, I thank the gentleman from Texas (Mr. ARCHER), my friend and the distinguished chairman, for yielding me this time.

Mr. Speaker, I rise, obviously, in strong support of H.R. 5. As just one of many on this side of the aisle who has worked hard to eliminate the archaic and punitive Social Security earnings test since coming to Congress 12 years ago, I am delighted that today we are finally going to right this wrong.

I represent many seniors in southwest Florida who have eagerly awaited this moment and I know are going to be very happy. Last year, over 800,000 seniors across America were penalized simply because they chose or needed, needed, to remain productive members of our workforce. In an ever-expanding economy where employers increasingly lack capable and experienced employees, the Federal Government contrarily sends a message that our seniors need not apply.

I know it is true, because I hear it firsthand from working seniors in southwest Florida who choose to stay active and supplement their retirement, perhaps as a cashier at the local grocery store or perhaps as a substitute teacher at the middle school.

Proud Americans who survived the Depression and defeated Hitler's Germany are punished for displaying the same self-reliance, perseverance, and individual responsibility that defines them as our greatest generation and, frankly, has made our Nation as great as it is today. It is a national embarrassment that we will end today.

Today, finally, and I say finally, the White House and congressional Democrats will apparently join with us in ending the unfair earnings tax. But it was not always so. Just 2 years ago, only 19 Democrats voted to end the earnings limit. But in the best spirit of our representative democracy, we have made our case and we have persuaded them, or at least most of them, to join us. This has been a long and trying fight. And besides the gentleman from Texas (Chairman ARCHER) and the gentleman from Florida (Mr. SHAW), my Florida colleague, and the gentleman from Texas (SAM JOHNSON), courageous souls like Jay Rhodes no longer here, JIM BUNNING in the other body, who should be here to celebrate with us today I hope are taking joy in this.

Above all, we should cheer our Speaker, the gentleman from Illinois (Mr. HASTERT) who led the fight for incremental reform before it was fashionable and who appropriately will preside over this Congress today as we end this tax on working seniors once and for all. I urge a "yes" vote.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Speaker, I rise in support of the Senior's Freedom to Work Act. More than 800,000 senior citizens aged 65 to 69 in our country lose part or all of their Social Security benefits each year because of this so-called earnings test.

Currently, the Social Security earnings penalty takes \$1 in Social Security benefits from Americans 65 through 69 for every \$3 they earn above the \$17,000 per year limit. When Americans turn 65, they ought to be able to count on the Social Security benefits they have earned, and this bill would repeal the earnings test once and for all.

Mr. Speaker, this is a bipartisan bill. But unfortunately, there has been a little partisan byplay here today; not from our side of the aisle, but from our friends on the Republican side. They are accusing us of reversing ourselves on this issue. They are referring to what in 1998 we aptly termed the Raid Social Security for an Election Eve Tax Cut Act. I would like to just read what I said at the time we debated that bill:

"The problem is not with the specific tax cuts, but with using the Social Security Trust Fund surplus to pay for them. These tax cuts are also contained in the Democratic substitute", in fact, it included exactly identical earnings test provisions, "but they are paid for in that substitute and they maintain the trust in the trust fund."

So what we have before us right now, Mr. Speaker, is clean legislation that addresses the earnings test issue, unencumbered by controversial or extraneous provisions. Today, we have an opportunity for a bipartisan bill, a bipartisan result, and I urge my colleagues to support this legislation.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas (Mr. ARMEY), Majority Leader of the House of Representatives.

Mr. ARMEY. Mr. Speaker, I thank the gentleman from Texas (Mr. ARCHER) for yielding me this time. I just wanted to take a moment to add my word of appreciation for everybody's good work on this. There can be nothing I can imagine that can be more unfair to our working senior Americans than to be told that under the law of this land that they are required to pay into the Social Security program all their working years, and then at that time in their life when they are entitled to withdraw the benefits that they paid for, that the government of the United States is going to take those benefits away if they have the audacity to continue work.

Many of us have seen the injustice of this, and so many of us have worked on it over the years and had so many years of frustration.

Mr. Speaker, I always like to remind people that this is the very first bill that the gentleman from Texas (Mr. ARCHER) introduced in Congress in 1972. I studied it as an undergraduate. I understood at the time how important it was. I have watched the gentleman from Texas (SAM JOHNSON), the gentleman from Illinois (Mr. WELLER), and the Speaker himself and others, and it is just such a heart-warming thing for me today to see us passing this legislation with such bipartisan support.

The President committed to sign it, and we will finally have a real act of justice and fairness for today's working seniors. I just wanted to share in that moment with all of our body.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from South Carolina (Mr. SPRATT) the ranking member on the Committee on the Budget.

(Mr. SPRATT asked and was given permission to revise and extend his remarks.)

Mr. SPRATT. Mr. Speaker, I thank the gentleman from California (Mr. MATSUI) for yielding me this time.

Mr. Speaker, I rise in full support of this bill, the retirement earnings test is an old vestige of the 1930s, created when Social Security was born as a way of telling who was truly retired and, therefore, qualified for benefits. It was looked upon as good policy then because it spurred older workers to stop working and take their Social Security benefits and, therefore, freed up jobs for younger workers in what was then, the 1930s, a period of high unemployment.

Today, we do not have a labor surplus in most parts of the country; we have a labor shortage. For example, I had an owner of a trucking company call me a few months ago and tell me in desperation that this offset policy in Social Security was causing him to lose drivers. They would not work upon reaching the age of 65, and he could not replace them. He saw no reason for this policy, and I can tell from talking to other workers in my district neither do they.

We can explain all the reasons behind it, going back to 1935, but most people see this as a stiff, unfair, tax on hard-working people. I think it is time for us to repeal these offsets all together for those people who have reached retirement age. The question arises: Why did we not do this in 1998? There has been some accusation here that some of us who voted for that particular tax bill then, which was an \$8.1 billion tax bill in 1998, voted against the elimination of the threshold. That bill would not have eliminated the threshold. It would have raised the threshold to \$39,750 by 2008.

But in 1996, almost all of us came out here and voted for H.R. 3136, the Senior Citizens' Right to Work Act of 1996. This bill raised the limit in annual steps from \$12,500 to \$30,000 by 2002, and indexed the threshold after 2002 to rise with the rate of inflation. Had we simply followed the course of that law, by 2008, the threshold would have been about \$38,000, just a little bit less than the bill in 1998 provided.

So this argument is really not a fair argument. I am glad to see us bring something to the floor that is bipartisan. Let us keep it bipartisan. I do not think I need to encourage anybody to vote for this. The vote is going to be overwhelming. And any time we get this kind of bipartisan consensus on an issue of this substance, it is a sign of an idea whose time has come.

Mr. Speaker, I think it is right that we repeal today, right now, as soon as possible, this old and outdated vestige of the Social Security system and say this is something on which we all agree.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. WELLER), one of our great committee members.

(Mr. WELLER asked and was given permission to revise and extend his remarks.)

Mr. WELLER. Mr. Speaker, today's debate is all about fairness. This Congress has accomplished so much over the last 5 years, and I am proud that just in the past year we have accomplished our goal of stopping the raid on Social Security for the first time in 30 years and we balanced the budget without touching one dime of Social Security, paid down \$350 billion of the national debt, and 3 short weeks ago this House passed with 268 votes, 48 Democrats joining with every House Republican, legislation wiping out the marriage tax penalty for 25 million married working couples who pay higher taxes just because they are married.

Like the marriage tax penalty, the earnings limit on our seniors is an issue of fairness. And I want to commend the Speaker of the House, the gentleman from Illinois (Mr. HASTERT), the gentleman from Texas (Chairman ARCHER), the gentleman from Florida (Chairman SHAW), and the gentleman from Texas (SAM JOHNSON) who have been tireless leaders and fighters for this effort to bring fairness to seniors.

Mr. Speaker, let us not forget that this effort to repeal the earnings test on seniors was part of the Contract with America. It is unfinished business. For far too long, seniors who work after age 65 have been punished. Since the 1930s, seniors who live longer, want to be active longer and work longer, have been punished. 800,000 seniors in America, 53,000 seniors in my home State in Illinois, are punished just because they want to work when they are age 65 or older.

I think of my own parents, farmers in their early 70s today who want to work and be active longer. Like millions, they suffer.

Mr. Speaker, the earnings limit on seniors is wrong. Let us repeal it. I appreciate the fact the President now says he will sign it into law. That makes it a bipartisan effort. I commend the chairman and commend the Speaker and commend the gentleman from Texas (Mr. SAM JOHNSON) my friend, for their leadership. Let us get the job done. I ask for an "aye" vote.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, success has many fathers; failure is an orphan. This bill is an outstanding bill and we are all fighting over paternity.

It is a bill that will help our economy by bringing experienced workers into a labor shortage work environment. It is

a bill that will help 800,000 seniors and it is a bill that will actually help Social Security by bringing additional Social Security revenue and income tax revenue into the Federal Government as additional seniors enter the workforce.

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As to the fight over paternity, it is a Democratic President who stood here in his State of the Union message and urged us to pass this bill and the Democratic alternative bill in 1998 which provided an increase in this limit which we are now going to repeal, and that alternative bill would have been signed into law. We voted for a bill that would have dealt with this issue in 1998 and would have become law.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. SWEENEY).

Mr. SWEENEY. Mr. Speaker, I rise very briefly to congratulate the gentleman from Texas (Chairman ARCHER). I rise in strong support to repeal the earnings limitation for Social Security recipients. I am particularly pleased to be an original cosponsor of this legislation. And I want to congratulate the gentleman from Texas (Mr. JOHNSON).

We have had a lot of debate and discussion over whose idea this was, but I think the record is very clear and will very clearly show that we, the majority in Congress, over the last 5 to 6 years have really begun to move forward in a meaningful way to bring steps towards comprehensive reform of Social Security. I am proud to join that effort. This is good for senior citizens, and it is good for America.

Mr. Speaker, I urge my colleagues to support us in this endeavor.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN), a member of the committee.

Mr. LEVIN. Mr. Speaker, I rise in strong support of H.R. 5, bipartisan legislation, to repeal the Social Security retirement earnings test. I am a proud cosponsor of this legislation which has the backing of so many of us on the Committee on Ways and Means.

This legislation is supported by the Clinton administration. Indeed, the President called for repeal of the test more than a year ago.

As the Subcommittee on Social Security learned during the hearing on this bill on February 15, the retirement earnings test is both confusing to beneficiaries and difficult to administer. It discourages older people from remaining in the workforce and contributing to our country's economic growth. It is past time to eliminate this disincen- tive to work.

The bill repeals the test for workers who attained the normal retirement age. Its repeal will allow literally hundreds of thousands of Social Security recipients to work without a reduction in their benefits. This is an idea whose time has come.

It is important to note that the repeal does not adversely affect the long-term financial health of Social Security.

This bill shows that members of the committee can work in a bipartisan way. I hope this effort remains such.

Let me stress that passage of H.R. 5 today is not in any way a substitute for comprehensive Social Security reform. Congress must redouble its efforts to pass legislation to extend solvency of the fund.

Again, the President has proposed legislation that would defeat the interest savings earned by paying down the publicly held debt to make Social Security stronger. This would extend the solvency of the program to 2050.

There is an old proverb that says that a journey of 1,000 miles begins with a single step. We are taking a good first step with the passage of H.R. 5 today. It should not, Mr. Speaker, be our last.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HERGER), an esteemed member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, what could be more fair than allowing seniors to continue working without losing Social Security benefits?

Today we are voting on legislation to end the outdated Social Security earnings limit. Under this legislation, more than 800,000 seniors nationwide will have the opportunity to work without seeing their Social Security benefits reduced.

Consider a senior in my district in northern California who is between the ages of 65 and 70 and who earns \$20,000 a year to supplement their Social Security benefits. Under current law, this senior will lose \$1,000 in Social Security benefits due to the earnings limit.

At a time when our U.S. workforce needs the skills seniors have to offer, this disincentive to work makes absolutely no sense. Our seniors deserve the freedom to work without being penalized for it.

This legislation before us today is based on the principles of fairness and freedom. Seniors should be treated fairly after paying into Social Security all their lives. They should have the freedom to work without worrying about losing their benefits.

Mr. Speaker, it is important to note that this legislation is fiscally responsible. It does not affect the long-term solvency of the Social Security trust fund.

I commend the President for supporting our position to end the outdated earnings limit. Mr. Speaker, let us give all our seniors the freedom and the fairness they deserve. I urge my colleagues to support this legislation.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. GREEN).

(Mr. GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. GREEN of Texas. Mr. Speaker, I thank not only the gentleman from California (Mr. MATSUI) but also the members of the Committee on Ways and Means for allowing me to speak.

I rise in support of the Senior Citizens' Freedom to Work Act, a legislation that I am proud to be a co-sponsor of and will vote for today.

It seems hard to believe that our tax law actually punishes people for working. Yet under the current law, 48,000-plus Texans lose all or part of their Social Security payments each month simply because they want to work. Now if one can work after one is 70 years old, one is not penalized.

Seniors who have worked hard their whole lives and paid into the Social Security system for decades should get their Social Security benefits regardless of whether they continue to work. This important legislation puts an end to the inequitable treatment of seniors.

My only concern, Mr. Speaker, is that, hopefully, this is not a step toward increasing the retirement age. Congress already did that once, instead of using 65. So hopefully this will not happen.

This is a clean bill. It is not loaded down with other provisions. So it does not bust the Federal budget caps that we have talked about.

Hopefully, this Congress can address other senior citizens issues, providing prescription medication for seniors, because allowing them to work still may not pay for it.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH), a respected member of the Committee on Ways and Means.

Mr. ENGLISH. Mr. Speaker, I particularly want to congratulate the gentleman from Florida (Mr. SHAW), chairman of the Subcommittee on Social Security, for his extraordinary leadership, not only on this issue, but in moving forward to make Social Security more solvent.

Mr. Speaker, today Congress says to seniors, you may choose to work, choose to remain part of the productive economy, and choose to share your talents. Right now the Social Security system places a higher tax penalty on working seniors than on billionaires. We have been sending seniors the message that when they hit retirement age that we do not want them anymore. We need to change that.

The earnings limit was created 60 years ago, and it is a relic of Depression-era economics that says seniors should make room for younger workers. We now know that seniors add more to the workforce and more to the economy than they can ever take away. They add their years of experience, their expertise, their talents.

This legislation repeals the earnings limit that unfairly punishes seniors who earn more than \$17,000 a year. This arbitrary limit serves as a barrier to many low- and middle-class seniors who take on a job because they need to

work in order to improve their quality of life or even just to make ends meet. They must not lose Social Security benefits that they earn simply because they choose to work.

The Social Security Administration reports that more than 800,000 working seniors between the ages of 65 and 69 lose part or all of their Social Security benefits due to this outdated limitation. That is an outrage.

In Pennsylvania, we are sixth in the number of seniors adversely affected by the earnings limit; 48,000, over 48,000 Pennsylvania seniors are penalized for working.

I urge my colleagues to join the AARP, join the Subcommittee on Social Security, and the gentleman from Florida (Mr. SHAW) and vote in favor of this legislation. It is important that Congress protect the dignity of retirement and unshackle the creative energies of America's seniors.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from New Jersey (Mr. PASCARELL).

Mr. PASCARELL. Mr. Speaker, I thank the gentleman from California (Mr. MATSUI) for yielding me this time.

Mr. Speaker, I would like to commend the gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) for the leadership in working to bring to the floor this very important piece of legislation.

We are focusing on reforming our existing Social Security program, correcting an unfairness that impacted 800,000 seniors last year. It provides an incentive for those skilled, dedicated committed workers to continue to work and enhance our society.

I want to bring one thing, Mr. Speaker, to the attention of the folks here today; and that is this, we have been told by Mr. Greenspan that one of the greatest threats to the growth in the economy is we do not have enough workers, skilled workers, to produce the supply for the demand that is out there.

This is a very unusual situation that we are in. Thank God for the seniors who are going to bail us out, because this will be an incentive for them. This is critical. This is something that we need, and we are working together finally. By the way, does it not feel good to work well on things that America needs?

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. HASTERT), the Speaker of the House.

(Mr. HASTERT asked and was given permission to revise and extend his remarks.)

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Florida (Mr. SHAW) for yielding me this time.

Mr. Speaker, when one looks at the genesis of an idea, why a bill like this comes into being, sometimes it has not just happened overnight. This particular bill, this has been worked on for almost 20 years.

I remember the gentleman from Texas (Mr. ARCHER) when he first came

to Congress talked about this. The gentleman from Texas (Mr. ARMEY) tried to push this concept. He brought together economists that shows there is really a positive effort when people work. The positives, when one does dynamic scoring, really has outshone what the negatives were, and that was the payment is out of the Social Security trust fund.

Then 14 years ago, the 100th Congress decided that this was a project that was something that was important for people. For 14 years, we have been trying to get the Social Security earnings limit, as we call it, changed. We did change it. Twelve years ago, one could earn \$10,000; and anything over \$10,000, every \$2 that one earned one lost a dollar in one's Social Security. Then we kind of phased it out to \$3, and it went up from \$10,000 to \$13,000 to \$17,000 today.

But the fact is, when a senior citizen goes to work at McDonald's or starts his or her own little business or, like the lady 10 years ago when I bought Valentine flowers for my wife at the florist shop, she said, Congressman, I had just come back to work in January. I had stopped work last October because I was up against the earnings limit, at that time about \$10,000. I had to leave my job. Or the seamstress at the little corner dress shop that the owner came out to me and said, I am going to lose my seamstress because she has reached that earnings limit. That was in November just at a busy time.

So the unfairness of the earnings limit for today's worker certainly has been apparent, and it has been apparent for a long time.

Slowly, but surely, we have been able to move this bill to a point where we can pass it and we can give equity to seniors, people who are over the age of 65 that do not want to relegate themselves to a rocking chair.

Now, quite frankly, some seniors at age 65 want to retire, and God bless them. They should be able if they have had that productive life. But the issue is that seniors who maybe did not have to work by the sweat of their brow their whole life, that they have unearned income, if they have pensions and they have retirement accounts, they were not penalized by the earnings test.

The people that were penalized by the earnings test were people that had to go out and earn by the sweat of their brow, people that were never to save up, never to have an IRA, never to be able to have a lot of money in pensions, people that had to go out and work every day to feed their families, to make ends meet. Now they are 65 years of age and, all of a sudden, they have a big government tell them, oh, by the way, you can get Social Security, but you cannot work anymore.

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"You cannot work to send your grandchild or child on to college; you

cannot help earn that tuition for your family and, by the way, you cannot have that car that you would like to have to go on vacation because you cannot earn more than this amount of money because you are going to be penalized."

This is wrong. It has been wrong for a long, long time. And especially in today's economy, when seniors are valued, because it is the seniors that have work ethics. It is the seniors that put in a full day's work, and they know the value of work. People like Sears Roebuck and J. C. Penney and McDonald's, and on and on, have been telling me for over a decade that they want those seniors in their ranks. Because not only are they good workers, people they can depend on, but for people entering the work force they are great people to train. It is a good ethic to pass on.

So we cannot afford to keep this resource, these people who have built this country, these people who want to contribute, even into their retirement, to what America is all about, we cannot afford to keep them out of this process.

I want to again say that I urge everybody to vote for this bill. And I am very pleased that the President has endorsed this piece of legislation. I think it is good, as the gentleman said, that we have found something that we can work on, something that lifts the American people and gives them a better future.

I want to also thank certainly the gentleman from Florida (Mr. SHAW) for bringing this legislation up, and the gentleman from Texas (Mr. SAM JOHNSON), who has worked on this as a pioneer for years, and JIM BUNNING, who used to be a Member of this body worked on it for years and years. There are a lot of people and a lot of history here.

I think it is time that this bill passes, and I urge everybody to stand up and vote "yes." Thank heavens this is here, a time of salvation for our seniors.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Mississippi (Mr. SHOWS).

Mr. SHOWS. Mr. Speaker, I rise today to express my strong support for H.R. 5, to repeal the Social Security earnings limit.

I am pleased finally to have the opportunity to bring this to a vote. After all, House Democrats have long supported repealing the earnings limit, but within the framework of comprehensive Social Security reform, to protect the Social Security Trust Fund and make sure it is there for seniors who need it.

The Republican tax cut actually held the Social Security earnings limit hostage to election year politics. Their proposals would have raided the Social Security surplus to fund huge ill-conceived tax cuts, of which repeal of the earnings limit was one small part.

Seniors will not be fooled by a political effort to tie repealing the Social

Security earnings limit to a tax cut that would have been funded by raiding the Social Security surplus.

I support eliminating the earnings limit. More than that, I support being honest with our seniors.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from New Jersey (Mr. HOLT).

(Mr. HOLT asked and was given permission to revise and extend his remarks.)

Mr. HOLT. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of H.R. 5, bipartisan common sense legislation to repeal the Social Security earnings test.

I believe the Social Security earnings test should be eliminated. Simply put, this provision of the Social Security law has outlived its usefulness. It is a relic from another time. It survives only to punish older Americans for their productivity.

Today, most seniors continue to work at least part time after retiring. These men and women have some of the most dedicated and experienced skills to bring to our work force. And, as a Nation, we should be doing everything we can to encourage them to continue to contribute their time and their talents, not penalize them for doing so.

H.R. 5 would repeal this limit entirely, effective immediately. It is a bill that is worthy of our unanimous support. The President proposed it; both parties support it. It is simple, we need to pass H.R. 5.

We also need to undertake a comprehensive legislative fix that would use the projected budget surpluses to extend the life of Social Security and Medicare and pay down the debt.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of repeal of the earnings limit for Social Security recipients between 65 and 70 years of age.

When I talk to employers in Maine, many cannot find all the employees that they need. Many seniors between 65 and 70 want to work but are discouraged from doing so by the Social Security earnings limit. This bill will help seniors who want to work and employers who want to hire them.

This bill is also an example of what Republicans and Democrats can do when we bring to the floor legislation on which we can agree. In 1998, I voted for a Democratic proposal to lift the earnings limit, but I pointed out at that time that the competing 1998 Republican plan included tax cuts that did not protect Social Security surpluses. That was the wrong approach and I opposed it. This bill is the right approach, and I am proud to support it.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Speaker, I rise in strong support of H.R. 5, to repeal the Social Security earnings test. It is long overdue.

It makes absolutely no sense to penalize older Americans for participating in the work force at any time. It makes particularly no sense to penalize older Americans at a time when businesses are clamoring for qualified workers. Our most experienced workers should not be left out of America's work force, out of America's future.

Many of the seniors in the district I represent in southern Nevada have asked me to champion this issue on their behalf. They have so much energy, so much talent, so much to continue to give this great country. Congress must repeal this obsolete earnings limit and give seniors the freedom to work without penalty.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. COBLE).

(Mr. COBLE asked and was given permission to revise and extend his remarks.)

Mr. COBLE. Mr. Speaker, I rise in strong support of this proposal and commend the gentleman from Texas (Mr. SAM JOHNSON) and the gentleman from Florida (Mr. SHAW) for their efforts in this endeavor.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. COLLINS), a member of the committee.

Mr. COLLINS. Mr. Speaker, if we are to climb the mountain of tax reform, we have to take it one step at a time; and I think the right approach is to aim first at individuals and remove the burden of excessive taxation and complicated regulations.

The very first place to start is by scrapping tax penalties. Why hit people with a heavier tax burden for being married, for working after retirement, or for building a family business or farm? The Senior Citizens Freedom to Work Act is an important step to remove one of those penalties. It will end the Social Security earnings limit which discourage seniors from continuing to work.

This legislation follows an important first step we took a couple of weeks ago with the passage of the marriage penalty tax relief. Finally, I hope that we will take a third step, and that is by helping families by eliminating the death penalty tax which hammers families, family-owned businesses and farms.

Mr. Speaker, let us keep moving forward, making progress in tax reform and support H.R. 5.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. FROST).

Mr. FROST. Mr. Speaker, I rise today in strong support of H.R. 5, legislation that is long overdue for our Nation's seniors.

In 1999, an estimated 1.2 million beneficiaries had some or all of their benefits withheld for some portion of the year under the Social Security earnings test. About 800,000 beneficiaries lost some or all of their benefits under the test as a result of their work at ages 65 to 69. Additionally, the benefits of 150,000 family members were limited or withheld due to the earnings of the primary beneficiary.

Mr. Speaker, for many seniors, working after the age of 65 is not an option. Facing mounting bills for prescription drugs and the increasing cost of living, it is something they must do to continue to pay their bills. We should be doing everything we can to increase the standard of living for these valuable employees.

Older women in particular face a major hardship from the earnings test. The poverty rate for women is higher than the poverty rate overall, and women have a greater reliance on their Social Security benefits for income. Widows account for 66 percent of aged women in poverty. There are 1.2 million aged widows who receive Social Security benefits and have had incomes below the poverty line.

Because women live longer, have lower lifetime earnings and, therefore, for dependent on Social Security benefits, they are more likely to be working well past the traditional retirement age. We need to boost the Social Security earnings for this most vulnerable group of seniors rather than putting roadblocks in their path.

Mr. Speaker, repealing the earnings limit is good for seniors and good for employers too. Older workers are exactly the type of employees that businesses want. They are dependable, experienced, and have a strong work ethic. We should be encouraging these workers to remain in the work force instead of trying to force them out. As the number of older workers grows, and the need for quality employees becomes more acute, we need to take advantage of the experience and skills that older workers provide.

Eliminating the earnings test is not only the fair thing to do for working seniors but it will improve the quality and efficiency of the Social Security program as well.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. RAMSTAD), a member of the Committee on Ways and Means.

Mr. RAMSTAD. Mr. Speaker, I thank the gentleman for yielding me this time and for his leadership on this issue.

Mr. Speaker, I rise today in strong support of this bill to get rid of the Social Security earnings limit. I have been an original cosponsor of this bill many times, and I am pleased that we have gotten to this point today.

The need for this bill was really brought home to me last Friday. In my district office in Bloomington, Minnesota, a woman named Anna Marie came to see me and said she needed to

talk to me about a very personal, very important matter related to Social Security. When she came into my office she was noticeably upset and apprehensive about her situation. She sat down and explained to me that \$4,000 had been taken out of her retirement benefits and she desperately needed that money today. In fact, she needed the money for dentures, and if she did not get those new dentures she would be placed on a liquid diet, unable to eat solid food. The \$4,000 she had lost would help her afford these dentures and maintain the independence and life-style that she deserves.

When I told her about what Congress would hopefully do today, about the bill before us to remove the Social Security earnings limit, she started to cry. Her eyes welled up with tears, she clasped her hands together and she said, "Praise Jesus. Thank you, God."

Well, this is an important bill in the lives of real people, real seniors who need that \$4,000, who need the money that has been taken by the Federal Government. In voting for it, my colleagues, we help Anna Marie, we help many others like her across the country. In voting for it, to remove the Social Security earnings limit, we will make a real difference in the lives of real seniors, ensuring that not only can they keep the money they earn, that they need, but also the independence that these seniors deserve.

So I hope in a bipartisan way we overwhelmingly pass this legislation before us today.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Washington (Mr. SMITH).

Mr. SMITH of Washington. Mr. Speaker, I too rise in strong support of H.R. 5 today. This bill is a win-win situation, not just for seniors but for the country as a whole as well.

Clearly, it is to the great advantage of seniors to have the opportunity to continue to work, to bring in income and not have their Social Security cut.

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It is the right thing to do. Seniors, particularly between 65 and 70, still have a lot of bills and a lot of concerns that Social Security cannot meet. Allowing them to work is a way to help them make that up. But it is also a great benefit to our economy. If there is one thing I hear from every business in my district, it is that they cannot find enough workers. It does not matter what the job is; they cannot find enough people to do the jobs they need.

Well, we have a wealth of talent out there with great experience, and that is our seniors who can fill those jobs and help our economy. This bill is fair to seniors, excellent for the economy, and I recommend that we support it strongly.

I also think it is great that it is a bipartisan piece of legislation. It shows an example of where the House can work together to solve real problems for real people in this country, and I am very proud to support it.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN), an esteemed member of the Committee on Ways and Means and a member of the Subcommittee on Social Security.

Mr. PORTMAN. Mr. Speaker, I appreciate the gentleman yielding me the time; and I want to thank him and the gentleman from Texas (Mr. ARCHER) and other members of the Committee on Ways and Means who have put this legislation forward. I rise in very strong support of it, the Senior Citizens' Freedom to Work Act, properly named, as well.

The gentleman from Minnesota (Mr. RAMSTAD) talked earlier about a constituent who had come into his office and talked about the penalty that she now lives under, which is about 4,000 a year, and does not enable her to do things she needs to do for herself.

Let me tell my colleagues another story. And there are so many out there. Each of us knows people in our districts, maybe in our family, who are affected by this. But Marjorie Thompson is a dear friend of mine back home. She is a caregiver. She is a nurse. She takes care of elderly patients primarily. She is a compassionate, a skilled person who has a very strong work ethic and wants to work.

Marjorie is in her late sixties, and she wants to go to work every day. She has come to me and she has said, Rob, should I work? And I have to tell her that her marginal tax rate for every additional dollar she earns now is about 80 percent. She is getting advice now from everybody she knows that say, of course she should not work, not with that kind of penalty.

If we could take away the earnings penalty from her, she would work and she would work a full year and she would not stop when she has reached that cap.

People like Marjorie Thompson are needed. They are needed to care for our elderly. They are needed throughout our economy. These are people that have a lot to contribute. And it is not just economically. They have a lot to contribute to our society. They want to work. They want to have the dignity and the self-respect that comes with work.

The last thing that this Congress and this Government should be doing is discouraging them from working. We have to remove this penalty from the Tax Code. It is overdue.

Again, I commend the gentleman from Florida (Mr. SHAW) and others, the gentleman from Texas (Mr. SAM JOHNSON) who put this forward. And I am really looking forward to its being enacted into law.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I rise in strong support of repealing the earnings test for Social Security beneficiaries between the ages of 65 and 69.

There is currently a shortage of workers in the U.S. There is no good reason for Social Security to punish people who want to work. These more mature workers are some of our Nation's most skilled.

Mr. Speaker, the earnings limit is a relic of the Depression era. With Americans living longer, Social Security should not dictate their life-style choices to them. This bill is good social policy and good economic policy. It does not make sense to punish Americans for working when Congress is being lobbied to allow additional workers into the country from other countries.

Mr. Speaker, I am pleased that we are approaching this in a bipartisan manner; and I hope that my colleagues on both sides of the aisle can use this year to address broader reform.

When discussions turn to handling the budget surplus, we must insist that the solvency of Social Security and Medicare are addressed first and that our older citizens have a prescription drug benefit. We should be addressing this now, not adjourning.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. KUYKENDALL).

Mr. KUYKENDALL. Mr. Speaker, I rise today in strong support of this legislation. It is important legislation for our seniors.

Incredibly, seniors between the ages of 65 and 70 currently lose a dollar's worth of Social Security benefits for every \$3 earned over \$17,000. Seniors should not be penalized for working. It is just plain unconscionable that the Government would take away these hard-earned benefits.

With our powerful economic growth continuing, the need for skilled workers in the workforce is increasing. To have any disincentive to work is bad policy. More than 800,000 working senior citizens lose part or all of their Social Security benefits due to this obsolete provision. And today we can remove the earnings limit.

I am glad to hear also the President recognizes this unfairness in this earnings limit. Ending the earnings limit is good for seniors, good for the Nation; and it is the right thing to do. I urge my colleagues to support this legislation.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Speaker, today I rise in support of H.R. 5, legislation to repeal the earnings test for Social Security for the ages 65 through 69. It is time to get rid of this penalty, and I am glad that we are finally debating this issue.

The earnings limit originated in the 1930s, but today people remain healthy and vigorous longer than they did then; and it makes sense to repeal this obsolete and punitive limit.

It makes no sense to penalize seniors, some who still have to work in the workplace, some who want to con-

tribute their skills to the workplace, especially in a time when businesses are finding it difficult to recruit enough qualified workers to fill the jobs that remain vacant.

The current system is a disincentive for seniors to continue to work, and it needs to be changed. And this legislation is long overdue.

But there are a lot of other things we also need to work on. We need to help retirees by using the surplus to extend Social Security and Medicare, to provide a prescription drug plan for all seniors, and to lift the limit on outside income for beneficiaries of Social Security.

I have supported raising the limit in the past, and I support repealing it today.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. CRANE) a respected member of the Committee on Ways and Means.

Mr. CRANE. Mr. Speaker, I want to thank the chairman for yielding to me this time.

I want to say to my colleagues that all of us understand the meaning of the phrase "an honest day's pay for an honest day's work."

Because of the many, many decades of hard work in all kinds of jobs, our older Americans appreciate that adage more than most. They know what it means to expend a lifetime of dealing with the uncertainties of living paycheck to paycheck. They got up early every morning, went to the assembly line, the office, the shop, and came home at night to enjoy some time with family and friends.

When they were rearing their families, they simply hoped to make life a little better for their children; and when they reached retirement age, they hoped to collect the money they contributed to Social Security and a pension. But if they continue to work after 65, they are forced to watch the Federal Government continue to try to squeeze every cent it can from their paycheck; and to add insult to injury, even their Social Security is affected until they turn 70.

So I proudly stand before my colleagues today because, after decades of trying to eliminate the Social Security earnings limit, it is finally happening on the floor of the House today. This means that the over 42,000 seniors living in my district, many of whom continue working beyond the average retirement age, will be getting a little bit of a break.

On behalf of my 8th District constituents, I want to thank and commend my colleague, the gentleman from Texas (Mr. SAM JOHNSON), for his persistence in getting H.R. 5 to the floor for a vote. I want to commend the gentleman from Texas (Mr. ARCHER), our chairman, who was pioneering in this effort years ago. And I want to commend the gentleman from Florida (Mr. SHAW), our distinguished chairman of the subcommittee, for all of his

efforts. And I commend all of our colleagues, on a bipartisan basis, for joining as cosponsors of a bill that my colleagues, I know, will want to unanimously support and eliminate this obscene tax.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee (Mr. CLEMENT).

Mr. CLEMENT. Mr. Speaker, I am very pleased today that H.R. 5 is moving.

I have been in Congress for several years now, and this is a piece of legislation that I have felt like should have been passed many years ago. And I know senior citizens that have quit work simply because the penalty was too high.

Now they will be able, after this legislation passes the House and Senate and signed by the President, and I expect it all to happen this year and very soon now, where senior citizens will have an opportunity to make some decisions and whereby they can have some structure in their lives, where they can have some peace of mind, knowing that if they want to continue to work, and many of them want to do that, they will be able to accomplish those goals and objectives for themselves and their families.

It is estimated that, under current law, about 4 percent of Social Security recipients will exceed the \$17,000 earnings limit and will have the benefits reduced by an average of \$8,154. That does not have to happen now with this legislation.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Mr. Speaker, I rise today to commend the gentleman from Texas (Chairman ARCHER) and the gentleman from Florida (Chairman SHAW) and in support of the Senior Citizens' Freedom to Work Act.

The Members of this body have different philosophies about the role of government. Some want an expansive, activist government. Others, like myself, believe that government should have a much more limited role. But I think everyone agrees that the Government should not discourage hard work and self-sufficiency. Unfortunately, we do just that. And nowhere is this more evident than with the so-called Social Security earnings limit.

Incredibly, more than 800,000 working seniors between the ages of 65 and 69 lose part or all of their Social Security benefits simply because they choose to work in their golden years. This is wrong.

No matter what the rationale for the earnings limit was during the Great Depression, this is the year 2000. We should not stand for a Tax Code that penalizes hard work and responsibility.

I urge all my colleagues to support the Senior Citizens' Freedom to Work Act.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. HINOJOSA).

Mr. HINOJOSA. Mr. Speaker, I want to say how glad I am that today we have an opportunity to vote to repeal the earnings test for Social Security beneficiaries between the ages of 65 and 69. This action is long overdue.

The earnings limit originated in the 1930s when the Social Security program was started during the Depression, and it remains despite the vast changes in the economy and the lives of senior citizens that have taken place over the last 60 years.

It makes no sense to penalize seniors for participating in the workplace, especially at a time when businesses cannot find enough qualified workers to fill jobs that remain vacant. People remain healthy and vigorous longer than they did in the 1930s. So it makes perfect sense to repeal this obsolete and punitive limit.

By passing this bill, seniors who need or want to work can now do so without the fear of being punished by an outdated law.

I am glad that today we, both sides of the aisle, can all be on the same page and finally take this action. Let us vote "yes" to pass H.R. 5.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Minnesota (Mr. MINGE).

Mr. MINGE. Mr. Speaker, I would like to thank my colleague from California for yielding the time to me.

Mr. Speaker, I join in the parade of Members who support this legislation. Previously, this proposal to lift the earnings limit has been used as a partisan Trojan horse. It included tax cuts that were controversial, and it would have required raiding the Social Security trust fund.

Today we have a balanced budget, we are not engaged in a raid on the Social Security trust fund, and we can approve this proposal on its merits. It is not a Trojan horse. It is not accompanied by other controversial Internal Revenue Code changes.

Strong policy considerations support this legislation. They have been amply stated by previous speakers. I would just like to say them briefly: fairness to seniors who wish to work. We should encourage a work ethics. Two, it is budget neutral. This proposal does not cost money. Three, we have a labor shortage. We need additional workers in America.

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I am pleased to join in supporting this legislation.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Oregon (Mr. WU).

Mr. WU. Mr. Speaker, I rise today as a cosponsor of H.R. 5, the Senior Citizens' Freedom to Work Act. Under current law, seniors who earn more than \$17,000 per year are penalized \$1 for every \$3 of additional earnings. This is wrong. We should not penalize hard work. It makes no sense to penalize seniors who are participating in our work force, especially at a time when

we cannot find enough workers to fill a burgeoning economy.

I have heard from many small businesses in my district that are very excited about the possibility of hiring additional workers, workers who have solid work values, who are responsible, experienced and eager to fill the positions which are currently available.

As we vote on this important bipartisan legislation today, I want to encourage my colleagues to continue work in assisting our seniors to retire so they are not forced to work. However, I strongly believe that those who choose to work should not be penalized. And this bill solves that.

I urge my colleagues to support this long-needed legislation.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. STENHOLM), the ranking Democrat on the Committee on Agriculture.

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, I rise in strong support of this legislation and encourage all of my colleagues to support it. I have been a strong supporter of legislation to repeal the earnings limit for several years. In fact, repeal of the earnings limit was part of the comprehensive Social Security reform package that I introduced, along with the gentleman from Arizona (Mr. KOLBE) in 1998.

Our legislation though contained several other provisions that rewarded individuals who continued to work after retirement age. While I am disappointed that Congress is not acting on the other parts of our proposal to strengthen Social Security, I am very pleased that this part of our legislation is going to be enacted today.

Senior citizens are some of our most valued workers, contributing a wealth of experience that can be gained only through years of dedicated service. For this reason, I agree wholeheartedly with the statement of former Senator Bentsen that discouraging seniors citizen from working is "like keeping your best hitters on the bench."

Our society should not overlook the contribution of our seniors. Unfortunately, press reports suggest that some in the Republican party intend to use this vote on the earnings limit for partisan political purposes. I would ask a reconsideration of those who choose to do that.

As Democrats who have worked in a bipartisan way on comprehensive Social Security reform, I am extremely disappointed by these reports and hope that the Republican leadership will repudiate these tactics. The suggestions that Democrats have opposed repeal of the Social Security earnings limit are completely false.

Democrats have supported repeal of the Social Security earnings limit as part of a comprehensive legislation that keeps Social Security strong for those currently retired or close to it, and everyone knows that.

In fact, the reported line of criticism being suggested by some actually raises questions about their commitment to the integrity of the Social Security trust fund. The votes being cited to criticize Democrats were on bills that would have raided the Social Security surplus to fund tax cuts, in which repeal of the earnings limit was one small part.

Seniors will not be fooled by a political effort to use the issue of repealing the Social Security earnings limit to advocate a tax cut that would have been funded by raiding the Social Security surplus.

The past votes that some Republicans seek to exploit for political purposes were on bills that would have threatened the integrity of the Social Security trust fund. The \$80 billion tax cut considered by the House in the fall of 1998 that included repeal of the Social Security earnings limit would have been funded entirely out of the Social Security surplus.

The Republican leadership at that time did not even allow a vote on the Stenholm-Neumann amendment, which provided that the tax cuts could not be funded with a Social Security surplus. Likewise, the tax bill considered by the House last year would have dipped into the Social Security surplus by more than \$70 billion and would have exploded in costs at the same time the Social Security system is projected to begin running shortfalls.

Let us use today to set aside the bipartisanship. Let us recognize that today we are reaching out in a bipartisan way in order to do what everyone has agreed. While I am critical of the fact we are not doing more, we accept this today, let us put the partisanship aside. Let us continue to reach out for a long-term solution for Social Security.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington (Ms. DUNN), a respected member of the committee.

Ms. DUNN. Mr. Speaker, on behalf of the seniors and near seniors in the Congressional district that I represent, I rise today in enthusiastic support of H.R. 5, the Seniors Citizens' Freedom to Work Act.

The Social Security earnings limit is another aspect of a 60-year old Social Security system that no longer applies to modern society. These days seniors are living longer. They are healthier, and yet too many of our Nation's best workers are sitting in rocking chairs.

We need their strength. We need their experience in our communities. And young people starting new jobs need their example, their example of the value of work and the discipline of work. Unfortunately, by denying retirement benefits for those who choose to work, Social Security penalizes seniors who want to be productive and teach the values of hard work to younger generations.

Mr. Speaker, this bill is also very important to women who, 75 percent of

the time, live longer than their spouses. And they ought to be able to have the peace of mind that they can supplement their retirement earnings if they wish without being penalized.

In Washington State alone, more than 13,000 seniors have been forced to choose between keeping the job they love or losing the retirement income for which they worked all their lives. This is wrong. It also keeps an intelligent and productive part of our work force at home.

Seniors who are currently retired have been called the greatest generation, for the sacrifices they made in defending freedom and building America into the world's only remaining superpower. It is time that we honor the contributions to America, their contributions, by allowing them to work, if they wish, and to give one of the most precious gifts of all, that they can offer their work ethic.

I want to congratulate the gentleman from Florida (Mr. SHAW) and the gentleman from Texas (Mr. SAM JOHNSON) for persevering in this cause. I want to urge my colleagues to support this bill and the President to sign it.

Mr. MATSUI. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri (Mr. GEPHARDT), the Democratic leader.

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, today we are taking the first step towards strengthening retirement security for all seniors and moving closer to putting Social Security on a firmer footing for the rest of the century. This time, we are doing it in a fiscally responsible way.

I am gratified that Republicans are joining with us to repeal the earnings test for Social Security. This is truly a bipartisan effort. Democrats have overwhelmingly voted three times in recent years to raise the limit and President Clinton has requested repealing this earnings limit in his last two budgets. The sooner we send this to his desk, the faster we will be able to deliver this relief to seniors who want to continue making a real contribution to our society and our economy.

Unlike a Republican attempt to raise the limit in 1998, the bill we debate today does not hurt the long-term solvency of Social Security to do so. This reform is long overdue. It is about time that we stand up for America's seniors.

According to Federal Reserve Chairman Greenspan, we are beginning to suffer from a serious worker shortage that threatens our economic expansion. This bill will play a major role in protecting our economic gains of the last 7 years. It will not only help raise the standard of living for many of our seniors but it will also help us keep the strongest economic growth of our lifetime on track by keeping a generation of skilled workers in the economy.

I met with a number of small business owners in South County St. Louis

in my district this past weekend and they talked about their need to hire workers over the age of 65 because they are having such trouble finding skilled workers for jobs that are available right now. This bill will encourage seniors to return to the workplace and enable business owners to fill vacant jobs.

This earnings limit is a relic of the great depression when we experienced double-digit unemployment among young people. The limit does not make any sense in the year 2000. It needs to be relegated to the dustbin of economic history. This is just the first step towards strengthening retirement security for all seniors. Now it is time to take the next step, using the surplus to extend the life of Social Security and Medicare.

Today, we are voting to allow working seniors to fully enjoy their Social Security benefit, but that very benefit will be in danger if Republicans do not join with Democrats to take immediate action to strengthen the Social Security trust fund with an infusion of financial support.

I hope my Republican colleagues will join us over the next several months in using the surplus to strengthen both Social Security and Medicare. This bill shows that Democrats and Republicans can work together to rebuild and build retirement security. I hope that we can build on this foundation and work together to put Social Security and Medicare on a sound financial footing well into the next century.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. GILMAN).

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. I thank the gentleman for yielding me this time. Mr. Speaker, I rise in strong support of the Senior Citizens' Freedom to Work Act. This bill is simple and straightforward, removing the earnings limit for working seniors receiving Social Security. Seniors aged 65 to 69 who have chosen to continue to work have had their Social Security benefits reduced by \$1 for every \$3 earned when their total earnings went over \$17,000 annually.

The 104th Congress made a long needed change, raising the annual earnings limit to \$30,000 by the year 2002. More needed to be done on this issue. Ever since coming to Washington in the 93rd Congress, I have introduced legislation to either raise the earnings limit or eliminate it altogether. These earnings limits have discouraged seniors from working and diminished their potential productivity, conveying a message that seniors have nothing to contribute and are better off not working in the workforce. It is gratifying that the President has stated his support for the elimination of the earnings limit, and I commend the gentleman from Florida (Mr. SHAW) and the gentleman from Texas (Mr. SAM JOHNSON) for their attention to this important issue.

Accordingly, I urge our colleagues to join in supporting this timely, important senior legislation.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Kentucky (Mr. LUCAS).

(Mr. LUCAS of Kentucky asked and was given permission to revise and extend his remarks.)

Mr. LUCAS of Kentucky. I thank the distinguished gentleman from California for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 5, the Senior Citizens' Freedom to Work Act. The elimination of the Social Security earnings limit is a reform that is long overdue.

Under the current system, senior citizens are forced to choose between the loss of their Social Security benefits and dropping out of the workforce. What a terrible message to send to our seniors that their work is not valued. With their wealth of information and experience, senior citizens are a truly vital part of the stability of our workforce and the development of the workforce of tomorrow.

The current limit takes away the benefits from those who have rightfully earned them through a lifetime of hard work. We should not be punishing our senior citizens for continuing to work but, rather, encouraging them. That is just common sense.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Illinois (Mr. RUSH).

(Mr. RUSH asked and was given permission to revise and extend his remarks.)

Mr. RUSH. I want to thank the gentleman from California for yielding me this time, and I want to commend him for his leadership on this very, very important piece of legislation.

Mr. Speaker, I rise in support of H.R. 5, the Senior Citizens' Freedom to Work Act. This Social Security earnings limit is wrong and archaic. Why penalize able-bodied senior Americans who can work? At a time when our economy is in need of an experienced workforce, we should not be turning our backs on seniors who have valuable experience and skills.

The worst part of the earnings limit is that it penalizes poor senior citizens. Mr. Speaker, not every senior who retires has private pensions to supplement their Social Security benefits.

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Health costs are rising; prescription drugs are unattainable. Seniors need to work to supplement their Social Security benefits. No longer should we force seniors to choose between food and medicine. Do not deny our seniors their basic rights. We must do away with this archaic earnings limit which deprives our seniors of their earned benefits.

Again, Mr. Speaker, I rise in support of H.R. 5.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. OSE)

Mr. OSE. Mr. Speaker, I rise today in support of H.R. 5. I came to this Congress recently following in the great footsteps of my colleague, the gentleman from Sacramento, California (Mr. MATSUI), and I want to specifically applaud the fact that after 40 years of Democratic majority here and 6 years of Republican majority, we finally have been able to move a bill out of the House, hopefully on to the Senate, and then to the President for signature.

This particular issue, where we in effect tax the ability of our seniors to contribute to our workforce disproportionately, has needed to be changed since it was first passed in the Depression. There is no argument about that. There is no getting around that fact.

Again, we spent 40 years under the tutelage of one party, and now 6 years we have been at it here. We finally have agreement, and I am happy to be part of this. This is one of the things I campaigned on, to try and get this tax off the backs of our seniors. I welcome my friends on the other side to this. I am very, very pleased to be here with the gentleman from California (Mr. MATSUI) and the gentleman from Florida (Mr. SHAW) in this effort.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I would echo the comments just made by my friend, the gentleman from California (Mr. OSE). It is fun for a change to participate in a debate on a bill that enjoys broad bipartisan support, improving the Social Security program that we have for our seniors.

It is time we lift the earnings limit. We need to do this as part of a multifaceted approach at improving income in retirement years. This approach needs to include other activity by this Congress, activity where hopefully we would come together also in a bipartisan way to strengthen Social Security, making certain that it is going to be there for the long run, and coming together in a bipartisan way to help additional employers offer retirement savings opportunities for their workplace. Presently, only half the workers have retirement savings at work. We need to do better, and there are strategies introduced and supported by Members of both parties to get this done as well.

Finally, we need to come together to add additional savings incentives, targeted specifically at middle-income and lower-income households, so that they might save for retirement.

But back to today's bill. Today's bill really is for those that hit retirement years without enough savings already accrued. Those years, 65 to 70, represent an important last opportunity to get some additional income, even while the Social Security checks start coming, so that they might build that nest egg, to meet their needs, to keep them comfortable as they go on.

Do you know that today someone reaching the age of 65 has an additional 15 years of life expectancy if they are a male, and 19 years if they are a female? Surely there are substantial needs for a retirement nest egg in light of that kind of life-span opportunity. In addition, we know that people reaching the age of 65 today are healthier, more engaged and want to work than ever before; and we ought to give them that opportunity.

Additionally, we know that in light of our strong economy, the needs in the workforce are intense, and this potential source of labor can help employer after employer, right across the country.

In my own State, the State of North Dakota, people over the age of 60 represent 18 percent of our population. Clearly we need their participation. That is important today, but it is only going to grow more important, because this over-60 segment will swell by 60 percent in North Dakota by the year 2025. Quite frankly, I do not know how we will keep our schools going, I do not know how we will keep some of the businesses going if we do not have workers in this age span, 65 to 70, participating if they want to in the workforce without the absolutely ruinous penalty presented by the tax on earnings today.

For every reason I have mentioned, I urge a unanimous vote on this. What a pleasure it is to have this bipartisan achievement.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. HORN).

(Mr. HORN asked and was given permission to revise and extend his remarks.)

Mr. HORN. Mr. Speaker, today this House of Representatives will take a real step toward tax reform for America's working retirees. By repealing the so-called Social Security earnings test, we are doing away with an outdated law that affects over 800,000 seniors who have been denied the needed income to survive in their golden years.

Created in the Depression to encourage older workers to move out of the job market, the earnings limit is an antiquated solution to a problem that no longer exists. Many of today's seniors want to take part in this economic boom, but are penalized \$1 in Social Security benefits for every \$3 they earn beyond \$17,000. My State of California is hit hardest by the earnings test, affecting over 161,000 seniors. When seniors are denied the opportunity to work and governments are denied income taxes generated by seniors working, we all lose.

Mr. Speaker, I have long believed the outright repeal of this law was the right thing to do, and I am pleased to have an opportunity today to be part of the team that will send the bill to the Senate and the President that lowers the tax burden for so many working retirees.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan (Mr. BONIOR), the Democratic whip.

Mr. BONIOR. Mr. Speaker, first of all let me congratulate my two friends, the gentleman from Florida (Mr. SHAW) and the gentleman from California (Mr. MATSUI), for their fine work in bringing this forward today.

Mr. Speaker, today we have the chance to take action to repeal the Social Security earnings limit, a law so outdated few can remember how it ever got on the books.

What is the Social Security earnings limit? Well, ask any senior and they will tell you the earning limit is a Catch-22 of the Social Security system. It is a law that actually punishes older people for working. In fact, it forces them, literally forces them, to become more dependent on Social Security than they need to be.

Now, why would anybody want a law like that? Well, Mr. Speaker, I do not know any of us who want a law like that, and it is time for a change. That is why we are repealing it today.

Our message for every American, no matter how old, ought to be that if you want a job and you are able to do a job, by God, this government is never going to try to stop you from getting a job.

We are voting to repeal the earnings limit because in this incredible economy, there is more than enough work that needs to be done, and older Americans may be just some of the people who can do it and do it well in a labor market that is struggling for good, competent, qualified people.

We are voting to repeal the earnings limit not only because we believe older people ought to have the right to earn higher incomes, but because they deserve the opportunity to live richer lives, lives made better by the opportunity to join the world of work. But, Mr. Speaker, the truth is that it is not just seniors who win if we repeal this foolish law; we all win. We all win because this Nation needs the experience, the skill and the maturity of older people that they can bring to the American workplace.

Older Americans today are one of this Nation's greatest resources. It is high time we take advantage of it. This is a win-win proposition for America.

Again, I want to congratulate my colleagues for bringing this to the floor.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. STEARNS).

(Mr. STEARNS asked and was given permission to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, I thank the distinguished gentleman for yielding.

Mr. Speaker, back in the 1930s the reason for starting the earnings test the Democrats said it was necessary to allow younger workers to work. Today what we have is a shortage of qualified and experienced workers, so it is very

appropriate that we are getting around to enacting this legislation.

I might point out I am glad to see the minority party supports this piece of legislation. For almost 4 decades the Democratic party did not seem to want to initiate and to pass this legislation; and the chairman here, the gentleman from Florida (Mr. SHAW), and others on this side, worked so hard to try and pass this. So this is a great day, to see the folks on the other side of the aisle say let's pass it by unanimous agreement.

There is no good reason, of course. There is no longer a reason for this antiquated law to be on the books. It is discriminatory.

So I support the Senior Citizens' Freedom to Work Act. I am an original cosponsor of it. It is a law we have to be very joyful this afternoon for, because it is a law that is needed.

Mr. Speaker, since the Social Security program was created in 1935, it has always included an earnings test. There have been many efforts through the years to eliminate the earnings test, but none were successful.

Back in the 1930's the reason given for starting the earnings test was to "open up jobs" for younger workers. What we are currently experiencing is a shortage of qualified and experienced workers. The time to act is now.

In 1996 I voted to increase the earnings limit for seniors who chose to continue working. We were able to increase the earnings limit for those aged 65-69 to \$30,000 by the year 2002. At the time this legislation was passed, a working senior who reached \$11,280 in earned income lost \$1 in Social Security for each \$3 earned thereafter. That's a marginal tax rate of 33%! That's a high price to pay for merely wanting to work.

Let's take a look at how the current law affects our nation's seniors who are receiving Social Security benefits and also working. This year beneficiaries aged 65-69 can earn up to \$17,000 without being penalized. They lose one dollar for every three of earnings that exceed this limit.

Beneficiaries aged 62-64, those individuals who retire early, are allowed to earn up to \$10,080 this year without a penalty. They lose one dollar of Social Security benefits for every two dollars they earn above the imposed limit. While the measure we passed in 1996 made vast improvements to the earnings test, our real goal at that time was to repeal the law outright. I believe that we will be successful this time around.

What's wrong with giving elderly workers who either want to work or must work in order to maintain a decent lifestyle the ability to do so. I am proud to be a cosponsor of H.R. 5 that would repeal the Social Security earnings test entirely. I have long been a proponent of repealing this outdated provision and shall continue to support such proposals until we succeed in changing this law.

The earnings test limit is unjust. It treats Social Security benefits less like a pension and more like welfare. It represents a Social Security bias in favor of unearned income over earned income.

It is effectively a mandatory retirement mechanism our country no longer accepts or needs. It precludes greater flexibility for the el-

derly worker and also prevents America's full use of eager, experienced and educated elderly workers. Finally, it deprives the U.S. Economy of the additional income tax which would be generated by the elderly workers.

There is no good reason to keep this antiquated and discriminatory law in existence any longer. I support swift passage of the Senior Citizen's Freedom to Work Act and call upon my colleagues on both sides of the aisle to vote for this very important and long overdue change in the law.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Mrs. CAPPs).

Mrs. CAPPs. Mr. Speaker, I rise today and join my colleagues in strong support of this legislation, and I commend the leadership of this House, the gentleman from Florida (Mr. SHAW) and the gentleman from California (Mr. MATSUI). It is a good day when we can be so united in a bipartisan way to end an unfair tax on our working seniors.

Mr. Speaker, many seniors work because they need to. They should not be penalized for trying to put food on their table. They should be supported. Seniors in my district have been telling me this is something that they need. Some seniors work because they want to. They should not be penalized for remaining active and involved. These seniors should be supported as well. Our country is the richer for it.

It is time to act in this way. Today we will have, I hope, unanimous support to remove this onerous burden on working seniors and end the earnings limit. I urge my colleagues to support this bill.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from Colorado (Mr. HEFLEY).

Mr. HEFLEY. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, a few weeks ago this House voted to right a wrong. Most of us agree it is unfair for a married couple to be penalized by the Federal Government just simply because they are married, so we passed legislation to fix that unfairness. Today it is time to fix another long-standing unfairness, the Social Security earnings limit.

Mr. Speaker, it is about time. For too long we have penalized our most experienced workers, created disincentives for them to work, oftentimes when their employers need their expertise the most. No American should be penalized for their desire to work and contribute to the economy and strength of our country, least of all our seniors.

In 1987, my class in Congress, the Republican members of my class, voted to take this on as a project, to try to eliminate the earnings limit. We met with Dan Rostenkowski. I think it was the only time he ever spoke to me, but we met with Dan Rostenkowski, and he said, "No, we won't do it." So over the years we have picked away at it with the gentleman from Florida (Mr. SHAW) and the gentleman from Texas (Mr. ARCHER) and various ones, and with their

help picked away at it and made it better. But today is a chance to get rid of it.

For the sake of simple fairness, it is time for this body to eliminate the earnings limit. I urge my colleagues to support this legislation.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. TRAFICANT).

(Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, Dan Rostenkowski would not do it. He is a Democrat. I am embarrassed by it.

I want to commend the gentleman from Texas (Chairman ARCHER) and the gentleman from Florida (Chairman SHAW). I want to commend the gentleman from New York (Mr. RANGEL) and the gentleman from California (Mr. MATSUI).

But, Mr. Speaker, this is not enough. Everybody is reaching into that Social Security trust fund and they are raiding it. I have a bill and it calls for a constitutional amendment, and it says you cannot touch the Social Security trust fund. It can only be used for Social Security and Medicare. If we pass that, we would have enough money to provide health insurance for every American.

But I want to pay tribute to the Republican Party today. Rostenkowski did not do it. Rostenkowski would not do it, and the gentleman from Texas (Chairman ARCHER) and the gentleman from Florida (Chairman SHAW) did it. But the gentleman from California (Mr. MATSUI) and the gentleman from New York (Mr. RANGEL) deserve a lot of credit for making it happen as well.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

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Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding time to me.

I would like to add my applause and appreciation to the gentleman from Texas (Chairman ARCHER) and the ranking member, the gentleman from New York (Mr. RANGEL), to the gentleman from Florida (Chairman SHAW), and the ranking member, the gentleman from California (Mr. MATSUI), for their vision.

This bill spells relief. I have spent some time with seniors, most of us do as we visit our senior citizen centers, as we work with seniors in our respective religious communities, as we work with seniors as our neighbors.

I can actually say that the retirement earnings test keeps good talent away from the job market. This legislation will allow thousands of social security recipients to work without a reduction in their benefits, to work in child care, to work in volunteer programs, after-school programs.

In fact, as I visited the Latino Learning Center and their Senior Citizen Center, they were making crafts. Al-

though that is not employment per se, it still might have impacted their income by way of the income being attributable to each individual from the crafts that they made.

The repealing of this will in fact increase work incentives; will put good, strong, valued seniors in the workplace, and will add to the value of what they have already given to the workplace and this Nation. Repealing the RET will not affect social security's finances over the long run, and in particular, repealing the RET will make the social security program easier and less expensive to administer.

This is long overdue. As I have said when I have come to the floor before, this spells relief. It is relief for seniors, for the social security program, for the community where these valuable seniors can be out and about in the work force contributing to this Nation as they have done in the past.

Mr. SHAW. Mr. Speaker, I yield such time as I may consume to the gentleman from California (Mr. GALLEGLY).

(Mr. GALLEGLY asked and was given permission to revise and extend his remarks.)

Mr. GALLEGLY. Mr. Speaker, I stand in strong support of this legislation. It is a bill we have worked on for many years.

Mr. MATSUI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I will be very brief. I just again would like to thank Members for the bipartisan atmosphere that occurs on the floor of the House, as it did in subcommittee and in the full committee. The fact that we have moved this bill in an expedited fashion certainly means that we should get it to the President in a timely fashion so that it will become law in the year 2000. Again, this is a much needed change in the social security system.

I might just add, just so there is no misunderstanding, that this will have a \$23 billion revenue loss out of the social security system over the next 10 years. But over the life of the social security system itself, because of the delayed credit, it will have no impact on the solvency of the social security system, so this has no impact on the social security system nor on the Medicare system.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. RANGEL), the distinguished ranking Democrat on the Committee on Ways and Means.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, I thank the gentleman from California (Mr. MATSUI) for the way he has handled this, not only on the floor, but certainly, as the ranking member of the subcommittee on social security.

It gives me an opportunity to once again congratulate my long and dear friend, the gentleman from Florida (Mr. SHAW), who showed an interest in

social security generally, and this type of cooperation between our parties still gives me some ray of hope, no matter how small that glimmer may be, as we move forward on our political calendar, that there are many other things that we can accomplish in working together.

For those people who believe that it is in our best interest to have confrontation and do nothing, I suggest that at the polling places, both Democrats and Republicans may suffer. It seems to me that there have been enough suggestions made by the President that Republicans can pick and choose those that they feel comfortable with, those that they think are in the best interests of the people of this great country, and to be able to work with us to do it.

This is a classic example of the leadership of the chairman and the subcommittee chairman, in working with us so that we can get things done. I laud the Members for this effort, and I look forward to working with them on other issues that remain within the budget, as this has, that do not invite and encourage a veto, but those things that we know that we can work out our differences on, not only on both sides of the aisle but also on Pennsylvania Avenue.

Mr. MATSUI. Mr. Speaker, I yield back the balance of my time.

Mr. SHAW. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, I would like to make an observation which I think is something that all of us have sort of made reference to, but not particularly in this regard. Some who are looking on today, tuning in on C-Span, probably think they have the wrong channel.

This has been, I think, a real landmark in what we can accomplish in this Congress by working together.

My good friend, the gentleman from New York (Mr. RANGEL), and we use that phrase a little flip around here, because when we refer to someone as our good friend, that is about the time we are about to drop a hammer on them, but we are good friends. We are very good friends. We have been for many years, as I am with the gentleman from California (Mr. MATSUI).

The gentleman from Texas (Mr. ARCHER) I think has been an incredible chairman of the Committee on Ways and Means, and we have brought things together that have made a real difference, and we do come together on things that we can politically agree upon.

There should be no disagreement in this country, no disagreement, that people who work their entire working lives, when they reach retirement age, just simply because they have to work beyond that or just simply want to work beyond that, that they should not be penalized. We agree on that. We ought to constantly look out and reach out for things that we agree upon, because it is so important to such an important segment of our population. It is so important.

So this bill is going to pass. I am going to ask for a recorded vote, because I want all the Members to have the opportunity to step forward on the Democrat and the Republican side and cast their vote, a recorded vote, to say they are in favor of American seniors. They are working with us, and we are working together to make a better life for the senior citizens of the country.

This bill takes effect on January 1 of the year 2000. That means exactly 2 months ago this bill comes into effect. The senior citizens of this country will enjoy the fruits and labor of what we have started here today.

I am pleased to say that the President is with us. Yesterday, while we were marking this bill up in the Committee on Ways and Means, the President was in Miami Beach doing a fundraiser for my opponent at a cocktail party. In fact, I thought it was rather ironic, because it was taking place at the exact time we were voting on this bill.

That is the way the system works. There is nothing wrong with that. There is nothing wrong with Democrat presidents supporting Democrat candidates and Republican presidents supporting Republican candidates.

I will tell the Members that I would certainly guess, and as tradition has it, just as we did in welfare reform and other pieces of meaningful legislation that has come out of this Congress, that the President will invite the Republicans down to take part in the bill's signing. That is the way it should be.

So many people here can take credit for what is going on here today. I am very pleased and proud that it happens during the Republican majority, but we have come together. We have locked away the social security surplus so we are no longer spending it. This makes America's great pension program available for the seniors without penalty.

This is a wonderful thing that has happened. This country has gone through a great transition, and when it comes to working together to make things happen, the best of us comes out when we work together.

I want to publicly thank the gentleman from New York (Mr. RANGEL) and the gentleman from California (Mr. MATSUI), and of course, my chairman, the gentleman from Texas (Mr. ARCHER), and the gentleman from Texas (Mr. SAM JOHNSON) and the gentleman from Minnesota (Mr. PETERSON) for the work that they did in bringing this thing together. This is truly a bipartisan effort. It is truly in the best tradition of the American democracy.

Mr. PAUL. Mr. Speaker, I am pleased to offer my support to the Senior Citizens Freedom to Work Act (H.R. 5), which repeals the Social Security "earnings limitations." During a time when an increasing number of senior citizens are able to enjoy productive lives well past retirement age and businesses are in desperate need of experienced workers, it makes no sense to punish seniors for working. Yet the federal government does just that by

deducting a portion of seniors' monthly Social Security check should they continue to work and earn income above an arbitrary government-set level.

When the government takes money every month from people's paychecks for the Social Security Trust Fund, it promises retirees that the money will be there for them when they retire. The government should keep that promise and not reduce benefits simply because a senior chooses to work.

Furthermore, Mr. Speaker, by providing a disincentive to remaining in the workforce, the earnings limitation deprives the American economy of the benefits of senior citizens who wish to continue working but are discouraged from doing so by fear of losing part of their Social Security benefits. The federal government should not discourage any citizen from seeking or holding productive employment.

The underlying issue of the earnings limitation goes back to the fact that money from the trust fund is routinely spent for things other than paying pensions to beneficiaries. This is why the first bill I introduced in the 106th Congress was the Social Security Preservation Act (H.R. 219), which forbids Congress from spending Social Security funds on anything other than paying Social Security pensions.

In conclusion, Mr. Speaker, I wish to reiterate my strong support for the Senior Citizens Freedom to Work Act. Repealing the "earnings limitation" will help ensure that America's seniors can continue to enjoy fulfilling and productive lives in their "golden years." I also urge my colleagues to protect the integrity of the Social Security Trust Fund by cosponsoring the Social Security Preservation Act (H.R. 219).

Mr. BENTSEN. Mr. Speaker, I want to express my strong support for H.R. 5, The Senior Citizens' Freedom to Work Act of 1999. This long overdue measure would allow persons aged 65 through 69 to continue working without losing some of their Social Security benefits.

Today, our seniors are more healthy and vigorous than ever. Many seniors who choose to continue to work find that working greatly enhances their retirement years. They are living longer and often finding that they either need or want to work well beyond traditional retirement age. Further, the time has come to stop penalizing seniors who need to keep working to supplement their Social Security incomes.

This legislation, which I cosponsored, would do away with this antiquated and obsolete punitive limit to Social Security payments. Under current law, senior citizens in this age group lose \$1 in Social Security benefits for every \$3 they earn each year above a certain level, which is \$17,000 this year. The earnings test was designed during the Great Depression to encourage older workers to leave the workforce to create more jobs for younger workers. Today, we are experiencing a labor shortage, not a surplus. With our economy's emphasis on increased productivity, older workers have the years of experience and work ethic that are in great demand.

It is estimated that initially about 600,000 seniors would be affected by the elimination of the earnings test. According to the Social Security Administration, H.R. 5 will increase Social Security outlays by \$17 billion over 5 years and \$26 billion over 10 years. However, in the long term, the measure's cost would be

negligible because of offsetting effects because retirees would no longer receive delayed retirement credits, which under current law compensate for the benefits lost to the earnings test applied to workers above the full retirement age, and the savings from this would offset the cost from eliminating the earnings test.

Lifting the limit on outside income for beneficiaries of retirement security is a key component of my initiatives to extend the life of Social Security and Medicare. H.R. 5 is crucial as part of a broader plan that uses the opportunity of a surplus to extend the life of Social Security and Medicare and pay down the debt.

In 1998, the Republican leadership brought an increase in the earnings limit to the floor attached to a tax bill that would have been financed by borrowing directly from the Social Security Trust Fund. I opposed this bill funded by the Social Security surplus, and supported an alternative that provided for an increase in the Social Security earnings limit identical to the one in the Republican bill, but not from the Social Security surplus. Unfortunately, the bill failed to be enacted.

H.R. 5 builds upon a bipartisan measure enacted in 1996 which I supported, the Senior Citizens' Right to Work Act (H.R. 3136), which provided for increases in the amounts of allowable earnings under the Social Security earnings limit for individuals who have attained retirement age. Now we are going a step further and eliminating the cap altogether. This is the right policy at the right time.

The earnings test is a relic of the Great Depression and the time has come to terminate it. The test is a severe disincentive for older people to work. Not only do older workers suffer a reduction in their standard of living because of the test, the nation's economy loses valuable experience and skills as well.

Mr. EVANS. Mr. Speaker, I rise today in support of H.R. 5, the Senior Citizens' Freedom to Work Act.

This important legislation is long overdue. The earnings limit is a relic of an era when America was in a state of extreme economic despair. Mr. Speaker, today we are experiencing unprecedented prosperity. Our economy is booming. Our unemployment rate is lower than it has been in 30 years. It just doesn't make sense to discourage our nation's seniors from continuing to contribute to our economy by reducing their Social Security benefits.

Many of the seniors in my home state of Illinois continue to contribute to their communities through hard work. Repealing the earnings limit will have a very real impact on these seniors. Instead of being punished for their participation in the workforce, seniors should be encouraged to remain working. Eliminating the earnings test makes sense. It will be good for our seniors and good for our economy. And most importantly, we can do it without jeopardizing the future of Social Security. It is something that all of us, on both sides of the aisle, should be able to agree on.

But, once again, Republicans are playing politics with the issues that affect our nation's seniors the most. They are clamoring to point fingers at Democrats who have long been in support of amending the archaic earnings limit. But our nation's seniors cannot be fooled. Democrats support repealing the earnings limit while protecting the integrity of Social Security.

In the 105th Congress, the Republicans brought an increase of the earning limits to the floor but attached it to a risky tax cut package that would have put Social Security in severe jeopardy. Democrats strongly opposed that bill and offered a measure to raise the earnings limit and make the remaining tax cuts contingent on protecting the solvency of Social Security. This Democratic alternative was a responsible tax cut package that did not raid the Social Security Trust Fund. Not one Republican voted for this measure. This is just one of many cases that demonstrates who is on the side of seniors in this fight.

We must stop the finger pointing and come together to protect Social Security for generations to come. This is not the time for politics as usual. The livelihood of our nation's senior citizens is at stake.

Mr. MOORE. Mr. Speaker, I rise today in strong support of H.R. 5, the Senior Citizens' Freedom to Work Act of 2000.

Under current law, over 8,000 Kansas seniors lose some or all of their Social Security benefits due to the Social Security earnings limit because they choose to continue to work. Seniors aged 65 to 69 have \$1 of their benefits reduced for every \$3 they earn over the current earnings limit of \$17,000. Simply, current law penalizes seniors for working. I do not believe it is fair to punish those seniors who want or need to participate in the workforce by having this disincentive to work.

Eliminating the earnings limit is not only fair for working seniors, it will improve the quality and efficiency of Social Security since the program will be easier and less expensive to administer. Furthermore, repealing the Social Security earnings limit is fiscally responsible. While the bill would increase Social Security spending by \$22.7 billion over the next 10 years, the resulting lower long-term benefit payments will more than offset the costs.

Mr. Speaker, by allowing seniors who want to work to retain their benefits, Congress will take an important step towards strengthening retirement security for all seniors. This step, however, should not be our last. I urge my colleagues to begin working with me, in the same bipartisan manner that we worked on today's bill, to put Social Security on a firm financial footing for future generations. We need to build on today's success by dedicating a substantial portion of the budget surplus to pay down debt and strengthen Social Security and Medicare.

I urge my colleagues to support H.R. 5 and to join me in the larger challenge of strengthening Social Security and Medicare for our seniors and for generations of future retirees.

Mr. DELAHUNT. Mr. Speaker, today, we take an important step forward in addressing a Social Security inequity that is an injustice to working seniors. Under the Social Security Earnings Limit, beneficiaries aged 65–69 can earn up to \$17,000 a year—but for every \$3 earned over this amount \$1 of benefits is lost.

The cap has always been one of the most unpopular parts of the Social Security program—and for good reason. It penalizes older people for working—and deprives the nation of the talent of working seniors. It's time to get rid of it, once and for all.

The earnings cap is a relic of the Great Depression, when concern over massive joblessness led to a perception that retirees should be discouraged from rejoining the workforce. Today, people are living longer and working

longer—and are as entitled as the rest of us to fair wages for their labor.

At a time when unemployment is at a 30-year low and we face acute labor shortages, this Depression-era work disincentive for seniors no longer makes sense.

Older Americans possess enormous talent and experience. It boggles the mind why we'd want to maintain disincentives for them to work. The earnings test not only erodes seniors' standards of living, but also costs the nation valuable skills in the workforce, as well as tax revenue generated by this income.

Retirees who receive income from other sources such as pensions or capital gains do not have any benefits reduced. Why should income from pensions or investments be treated more favorably than earned income?

I received a letter last summer from a retiree from my home town—Quincy, Massachusetts. He wrote: "I would like to retire with dignity and only want what I deserve. I feel that with your support of this bill, it would enable me to live without worries of finances and diminish the concerns of my family."

That is what this legislation is all about—simply giving seniors what they deserve.

While this is a step in the right direction, seniors deserve more—and we could and should be doing more—much more.

During Committee deliberations on this legislation last night, an amendment was offered to restore some of the benefits that are reduced due to the Government Pension Offset. This provision would have made widow's benefits more fair, and helped reduce the high rates of poverty that especially face elderly women.

Unfortunately, the Chairman passed on this opportunity—even though the Social Security Administration stated that the costs of adding this provision would be negligible.

Mr. Speaker, removing the earnings limit is progress—but is this all that we are going to do for seniors this year?

Are we going to address other inequities in the Social Security system—like the government pension offset, windfall reductions, dual entitlement provisions—or even the long-term solvency of the program?

Will we finally reauthorize the Older Americans Act?

Will we enact a Medicare prescription drug benefit?

Our senior citizens deserve more—much more. Passing this bill is the very least we can do. I urge my colleagues to support this legislation—and invite you to join me in efforts to ensure retirement security for all older Americans.

Mr. SMITH of Texas. Mr. Speaker, I rise to support H.R. 5, the "Senior Citizens' Freedom to Work Act."

For years my constituents have raised concerns about unfair Social Security earnings limit. Finally, the House is going to eliminate this unfair penalty.

Whenever a working retiree earns more than \$17,000 per year, they lose \$1 of Social Security benefits for every \$3 they earn above the limit. We penalize senior citizens who want to continue to participate in the work force.

There are 800,000 senior citizens who lose part or all of the Social Security benefits they've worked hard for because they earn "too much" money in retirement.

The Social Security earnings limit was created during the Great Depression and it pun-

ishes senior citizens for their work ethic and desire to be self-reliant in their "golden years."

Today unemployment is at an all-time low. The experience and skills developed by older workers during a lifetime in the workplace are being recognized and are in demand.

Social Security recipients are entitled to their benefits because they earned them during a lifetime of hard work. The government should not take those benefits away because individuals want to work. That's why I strongly support the passage of H.R. 5 today.

Ms. JACKSON-LEE of Texas. Mr. Speaker, today I rise in support of the Senior Citizens' Freedom to Work Act (H.R. 5). The Social Security earnings limit discourages those on retirement from remaining in the work force and contributing to the country's economic growth. Due to the longer life-spans and the improved quality of health among retirees, the advent of an aging society, and decreasing work force growth numbers, it is imperative that we explore better ways to tap the valuable and often underutilized resources of older Americans.

Due to the retirement earnings test, Social Security beneficiaries who have attained the normal retirement age (presently age 65) have their benefits reduced by \$1 for every \$3 that they earn in excess of \$17,000. Similarly, Social Security beneficiaries between age 62 and the normal retirement age have their benefits reduced by \$1 for every \$2 that they earn in excess of \$10,800. Although both groups of beneficiaries receive benefit increases once they stop working in order to compensate for reductions while they were working, there are a number of good reasons to support repealing the earnings test for beneficiaries who have reached the normal retirement age.

Repealing the retirement earnings test will allow thousands of Social Security recipients to work without a reduction in their benefits. The Social Security Administration estimates that, in 1999, 793,000 beneficiaries aged 65 through 69 had some or all of their benefits withheld because of the retirement earnings test.

Repealing the retirement earnings test may create positive work incentives. Because many Social Security beneficiaries are unaware that the benefit reductions they experience when they are working are offset by benefit increases once they stop working, they may perceive the retirement earnings test as a tax. In response, they may reduce the number of hours they work or they may decide to leave the labor force altogether.

The most recent economic research indicates that repealing the retirement earnings test for beneficiaries between the normal retirement age and age 69 may encourage work. In a 1998 study, Leora Friedberg, an economist at the University of California, San Diego, found that repealing the retirement earnings test for those beneficiaries would increase their labor supply by about five percent.

Repealing the retirement earnings test will not affect Social Security's finances over the long run. Repealing the RET for beneficiaries who have reached the normal retirement age would not change (for better or for worse) Social Security's currently projected long-range financing shortfall. Repealing the retirement earnings test for beneficiaries above the normal retirement age has a significant short-run cost (\$22.7 billion over the next 10 years), but, over the long run, that cost is offset by lower benefit payments.

Again, under current law, workers who have their benefits reduced due to the retirement earnings test receive an actuarial adjustment that increases their benefits once they stop working. Repealing the retirement earnings test would mean that such workers would no longer receive that actuarial adjustment and that benefit payments would be lower.

Repealing the retirement earnings test will make the Social Security program easier and less expensive to administer. The Social Security Administration estimates that the cost of administering the earnings test in 1999 ranged from \$100 to \$150 million.

Since those costs include administering the earnings test for workers between age 62 and the normal retirement age, repealing the retirement earnings test for workers above the normal retirement age would save less than that amount.)

In addition, Social Security Administration estimates that it overpaid \$787 million in benefits due to the retirement earnings test in 1997. Payments to beneficiaries aged 65 through 69 accounted for 63 percent of retirement earnings test related overpayments in 1998.

If older Americans have the capacity to earn more money without penalty, there will be a greater incentive for them to work. Working older Americans contribute additional money to the economy and provide more revenue for the treasury. Furthermore, with advances in medical technology older Americans will remain healthy longer and live longer productive lives.

I join with my Democratic colleagues and strongly support eliminating the retirement earnings test that penalizes and discourages workers age 65 through 69 from remaining in the workforce and contributing to our prosperous economy.

Mr. WELDON of Florida. Mr. Speaker, later today, the House of Representatives will pass H.R. 5, the Senior Citizens' Freedom to Work Act. This Act will eliminate the current tax law which penalizes senior citizens between 65-69 who continue to work. The Senior Citizens Earnings Test taxes senior citizens up to 33 percent of a senior's Social Security benefits.

One of the most egregious elements of our tax code is the continued over-taxing of American senior citizens who want to continue working. Repealing this tax on working seniors was the first bill I cosponsored when I was sworn into office in 1995, and, finally, I think we see light at the end of this tunnel. I would like to thank Speaker HASTERT for his leadership on this issue for more than a decade.

This Social Security Earnings Test has two adverse effects: it discourages seniors from working and for those who do work, it takes away a portion of the Social Security benefits they have earned. With today's labor shortage, this policy is greatly outdated and needs changing.

The Senior Citizens earnings tax penalty takes \$1 of working seniors' Social Security benefits for every \$3 they earn over a federal imposed income limit. Seniors earning more than \$17,000 are subject to the earnings tax. In 1999 there were over 4 million working senior citizens, at least 800,000 of them lost some of their Social Security benefits because of the earnings test. By repealing this tax penalty, the ten year benefit to senior citizens would be about \$23 billion. Seniors can use this extra money for helping with their grandchildren's

education, a trip to visit their family or other loved ones, a car, medical expenses, and prescription drugs.

Republicans have ended 40 years of raiding the Social Security Trust Fund to fund pet projects by tax and spend politicians. Repealing this seniors' tax builds on that commitment to senior citizens by making sure they get the benefits they have worked for, even if they choose to continue working. In Florida, over 80,000 seniors could be able to take advantage of this tax fairness package. This bill ensure that they get the money they have earned as well as the Social Security benefits they deserve.

A similar bill introduced in 1998 as part of the plan to abolish the Social Security earnings limit only received support from 19 House Democrats. This year the President has indicated his willingness to sign such a bill, but he did not include it in his recently submitted FY 2001 budget. The measure enjoys support from such groups as AARP, United Seniors Association, and the 60 Plus Association. Let's do the right thing and pass this bill.

Mr. WATTS of Oklahoma. Mr. Speaker, millions of older Americans are penalized every year simply because they set their alarm clocks to get up early in the morning, get dressed and head off to work. But unlike the rest of us who pull into rush hour traffic in the morning, that 65 year old in the car next to yours is paying the government a fee to go to work that day. That fee is called the Social Security Earnings Limitation.

My colleagues, today we can eliminate that fee and undo that injustice. Today we can begin to give America's senior citizens equal treatment under the nation's tax laws. Today we can guarantee that those senior Americans who want to continue to work—and can continue to work—today we can guarantee that they won't be penalized for making that contribution to their families, to their communities and to society in general.

By allowing older Americans the opportunity to stay in the workforce without penalty, we are allowing them to supplement their incomes, we are helping them to stay healthier, and we are giving them the opportunity to add to their later retirement. This is especially important as we see more and more Americans living into the eighties, their nineties and even into their hundreds.

So I encourage my colleagues today to give their older neighbors a fair break. Vote for the Senior Citizens' Freedom to Work Act.

Mr. BALLENGER. Mr. Speaker, I am pleased that another popular tax relief proposal, the Senior Citizens' Freedom to Work Act, is coming up for a vote today. First, let me point out that the debate over H.R. 5 should contain no rhetoric that this repeal of the Social Security earnings limit will break the bank. The Social Security actuaries have confirmed that repeal of the earnings limit maintains the current projected solvency of the Social Security Trust Fund.

The repeal of the Social Security earnings limit for individuals who have attained the full retirement age has been a very high priority of mine and for my Republican colleagues elected to the House in 1986. Although we were able a few years ago to secure a gradual increase in the earnings limit for seniors who were 65 to 69 years old, the complete repeal of the earnings limit for this group is a big victory. I am pleased that so many senior citi-

zens' groups have joined us in this fight, and I welcome President Clinton's announced support for this repeal as well.

The Social Security earnings limit is a relic of the Great Depression when it was necessary to entice older workers to leave the work force, making more jobs available to younger workers. Today, many businesses and communities face a serious worker shortage. My congressional district has an especially low rate of unemployment now: a meager 1.6 percent. This means that opportunities for older workers abound, providing earning potential and related benefits to the seniors willing and physically able to meet the challenge. Further, I am pleased that H.R. 5 provides immediate relief by covering income earned after December 31, 1999.

For those in the 10th Congressional District and elsewhere who do not know me well, I am proud to report that I am a working senior. Too old now to benefit from this change in the tax code, I nevertheless enjoy a higher quality of life—and perhaps better health—which comes with being more active. In addition, I feel that my many years of experience add to my job performance as a long work history does for so many seniors.

Again, let me say that I appreciate the support of our colleagues in getting this repeal bill before the House today. Our Nation's seniors deserve this extra incentive to remain productive in their later years and our work force needs them.

Mr. BUYER. Mr. Speaker, I rise in strong support of our colleagues in getting this repeal bill before the House today. Our Nation's seniors deserve this extra incentive to remain productive in their later years and our work force needs them.

The earnings limit penalty requires seniors age 65 to 69 who earn over \$17,000 to forfeit 33% of their Social Security benefits. Seniors with golden parachutes or extensive investments do not face such a penalty . . . only those who get up every morning, head off to work, and make valuable contributions to our labor force. This is unfair.

As a relic of the Great Depression, Congress is overdue to reform this antiquated law. The earnings limit is a great disincentive to seniors to remain in the workforce if they so choose. In reality, it is the imposition of a high marginal tax rate on productive seniors in the workforce, who are also paying federal and state income taxes, and Social Security payroll taxes.

I'm pleased to see this legislation come to the floor in a bipartisan fashion. I'm pleased the President has indicated he will sign it. I look forward to lifting this burden from working seniors.

Mr. HOEKSTRA. Mr. Speaker, today we are considering very important legislation which will eliminate one of the most unfair tax burdens even placed on Americans and give our senior citizens the freedom to work.

The high tax rate on the earnings of older Americans has created a significant roadblock at a time when workforce participation by these individuals is extremely important to the continuing growth of the U.S. economy. Economists and Federal Reserve Board officials, including Chairman Alan Greenspan, have expressed concern that the shrinking pool of available workers cannot satisfy the surging quantity of goods and services demanded by the American people and people around the world.

I have heard a number of stories, some during a hearing I held as Chairman of the Oversight Subcommittee for the Education & Workforce Committee, and others more recently during town hall meetings I held last week in West Michigan. In each case the message was the same: the current system discourages older Americans from re-entering or continuing in the workforce. We need to keep these individuals in the workforce and the repeal of the earnings limit will be an essential step in encouraging their participation.

Mr. Speaker, I should also note that as seniors and others enter the workforce, there is one thing they do not know—the true costs of Social Security and Medicare. Currently, an employee's W-2 lists his or hers withholdings for Social Security and Medicare. What the employees don't know, is how much their employer also pays for these programs. This is another unfairness we need to correct by passing the Right To Know National Payroll Act, which would require the employers share of Social Security and Medicare taxes to be disclosed on each employee's annual W-2. American workers have a right to know the true costs of Social Security and Medicare.

Mr. CROWLEY. Mr. Speaker, today, we are witnessing the best of Congress as Members of different ideologies and political parties come together for the benefit of the American people.

Today, the House of Representatives will pass the Senior Citizens Freedom to Work Act (H.R. 5) which will repeal the Depression-era earnings limit imposed on Social Security recipients between the ages of 65 and 69 who decide to supplement their retirement income by working. Under current law, seniors who work lose \$1 of their Social Security benefits for every \$3 they earn outside earned income beyond \$17,000 a year.

In the real world, this outdated law has adversely affected several thousand of my constituents in Queens and the Bronx. A number of seniors in my district have gotten part-time jobs to supplement their income so as to improve their quality of life, offset some of their expenses such as the high costs of their prescription drugs and remain active.

Unfortunately, once many of these seniors recognize how much they are losing in their Social Security benefits by working, they quit their jobs.

I believe it is both foolish and counterproductive to punish working people.

This legislation will assist people like Mr. Christopher Christie, a constituent of mine from the Bronx, New York. He was punished by the earning limit. After he retired, he spent several weeks working in a small business she operated and as a doorman on Park Avenue. He saw his Social Security check garnished monthly because of his outside jobs.

Therefore, I am pleased that the House is debating this legislation to repeal the earnings limit and allow our seniors the freedom to work and attain some financial independence.

This bill represents a solid first step in improving the quality of life of America's seniors. I hope that Congress will now address the other issues of importance to seniors, such as the inclusion of prescription drug coverage under Medicare.

Mr. ORTIZ. Mr. Speaker, I rise today to support the bill H.R. 5, The Senior Citizens Freedom to Work Act.

Under current law, seniors who claim Social Security benefits before they reach 69 are

subject to a reduction in benefits if they continue to work. For seniors 65 to 69, benefits are reduced by \$1 for every \$3 that their earnings exceed the limit, which was \$17,000 in 2000, and which rises to \$30,000 in 2002 and is indexed after that. This bill would repeal these limits entirely, effective immediately.

The earnings limit originated in the 1930's and has remained in effect because Congress never changed it, despite the vast changes in the economy and the lives of senior citizens that have taken place in the last 60 years.

Nearly 50,000 senior citizens in Texas are currently being penalized for working, a prospect that does not bode well for the economic circumstances for those in the twilight of their lives. We should not punish senior citizens for participating in the workforce; we should reward that. People remain healthy and vigorous much longer than they did in the 1930's.

It makes sense to repeal this obsolete and punitive limit. I have supported raising the limit in past years and support repealing it now. Today's legislation is important to consider as part of a broader plan to use the surplus to extend the life of Social Security and Medicare and pay down the debt.

Today, we can take the first step towards strengthening retirement security for all seniors. But this step was just the very beginning of what we must do in order to put Social Security on a firm financial footing well into the 21st century. I hope the House of Representatives, which showed such passion today when talking about removing the earnings limit will show the same kind of passion over the next few months as we debate the proper use of the surplus. We must use the budget surplus to strengthen Social Security and Medicare.

Ms. KILPATRICK. Mr. Speaker, I rise today in strong and stringent support of H.R. 5, the Senior Citizens' Freedom to Work Act. Current law limits the income of retirees ages 65 to 69 to \$17,000. Social Security benefits are reduced one dollar for every three dollars earned above \$17,000. Social Security Administration statistics show that nearly "690,000 beneficiaries between 65 and 69 lose some or all of their benefits because of excess earnings resulting from their work." This bill, which repeals the earnings limits imposed under Social Security on our nation's working senior citizens, is a welcomed measure which will allow our seniors to continue to contribute to our growing economy.

The earnings limit is an outdated relic of the depression era social security program. It was instituted based on a policy that addressed a problem of that time; however, times have changed. Then, our nation was worried about moving seniors out of the work force to make room for the growing number of younger workers. Now, labor statistics indicate that as our nation's population ages, there will be a shortage of workers available to meet our future labor needs. H.R. 5 is needed to provide incentive to seniors to help supplement the nation's future need for workers.

Past Social Security policy overlooked the valuable assets that senior citizens bring to our nation's workforce. Seniors have a wealth of wisdom and experience to offer the workforce. Most enjoy bestowing the benefit of their experience and wisdom on younger workers and generally offer their knowledge for reasons other than the sheer pursuit of wealth. Seniors tend to exemplify the attributes of hard-work, punctuality and patience.

In this time of instant gratification, I can think of no better teachers of the value of a work ethic which developed over time can be passed on to future generations. Seniors have much to offer and this bill will make it easier for the workforce to receive the benefit of their wisdom and experience.

Seniors have worked long and hard to earn and they should not be deprived of the fruits of their labor. Today, seniors are living longer and healthier lives and they are more fit and willing than ever to contribute to our nation's workforce. Many view working as a necessary part of their well-being and quality of life. As a society we should not handicap the lifestyle of those who choose to work into their silver years. H.R. 5 reconciles past policy that punished seniors by forcing them to sit on the sidelines of the workforce.

There are also many seniors who have no choice but to work. Skyrocketing, pharmaceutical prices have left seniors struggling to meet the financial burden of much needed medicine. Every year we listen to the stories of seniors who die in their home due to their inability to meet the heating or air-conditioning costs. How can we continue to penalize them for their necessary efforts to meet those costs?

Unfortunately, many of the seniors who need to work most are our nation's women, who outlive their male spouse 75% of the time. Indeed, "103,000 dependent and spousal beneficiaries are affected by the limit." Widowed women often are forced to reenter the work force in order to meet their basic needs. They should not be forced to lose some or all of their retirement benefits, while striving to secure the simple necessities of living.

While I support and applaud this effort on behalf of our nation's seniors, I would be remiss not to mention the continued problem facing Social Security. Ensuring the future solvency of the Social Security Trust Fund is a problem this Congress still must address. It is my hope that H.R. 5, is simply a stepping stone along the path of addressing a problem that is not going to go away. I urge the leadership of this House to bring forth legislation that seeks to make the tough decisions necessary to address the solvency of the Social Security Trust Fund before we are faced with even tougher more painful decisions.

Mr. COX. Mr. Speaker, I would like to thank the Speaker of the House, the gentleman from Illinois (Mr. HASTERT), for his long commitment to repealing the punitive tax on seniors. One of the first bills I sponsored way back in 1989, during my first year in Congress, was DENNY HASTERT's "Older Americans' Freedom to Work Act." I'm delighted that we are finally moving forward with this historic legislation. It is long overdue.

I recently pointed out, while arguing for repeal of the marriage penalty tax, that in America you should not be discriminated against by our tax code solely because of your status. We have civil rights laws in America to make sure that each of us is protected against unfair treatment by our government. Yet, just as the marriage penalty discriminates against people who are married, the earnings test discriminates against people over 65 who choose to stay productive.

This costly and regressive tax forces many seniors from the job market. Whereas 50 years ago 47% of men over 65 were employed in the labor force, today it is only 16.5%.

A senior who chooses to work after the retirement age of 65 faces a tax burden that amounts to government confiscation. A senior who chooses to work loses \$1 in Social Security benefits for every \$3 in wages and salaries he or she earns over \$17,000. Yet \$17,000 is close to the official U.S. government poverty level for working families. When one adds the burdens of income and payroll taxes, this amounts to a marginal tax rate on working seniors as high as 80%—higher than the rate for billionaires.

The government should not penalize working seniors by canceling their Social Security benefits. These benefits are not welfare; they have been earned over a lifetime of hard work.

Repeal of the earnings test is also another important step toward ensuring that Social Security is always there for seniors. I am hopeful we can bring the same bipartisan support we have today to the upcoming debate on supplementing Social Security benefits through personal retirement accounts.

The Clinton-Gore administration has had eight years to repeal this discriminatory burden on seniors. The Democratic Congress has 40 years to do it. Not only did they fail to do so, they raised taxes on working seniors. The 1993 Clinton tax increase included a 70% increase in income taxes on Social Security benefits, for seniors earning as little as \$34,000.

In 1996, for the first time ever, the new Republican majority in Congress provided relief to seniors by reducing the Social Security earnings penalty. The new law more than doubled the amount a senior citizen could earn without losing his or her Social Security benefits, from \$11,280 to \$30,000 in 2002. This change has already had a positive effect: the number of senior citizens choosing to remain in the labor force has increased by 7%. Today's long-overdue step—passage of H.R. 5 to completely repeal the unfair earnings test—finally finishes the job Congress started in 1996, and that Speaker HASTERT started more than a decade ago.

Mr. SMITH of Michigan. Mr. Speaker, I am proud to stand with members of Congress who have introduced bills that advocate comprehensive reform of Social Security. We understand the immensity of the challenge facing the country as baby boomers retire, how demographics result in a huge responsibility for future generations, and the importance of preparing Social Security for the future. You will find repeal in the Social Security Solvency Act for 2000, which I introduced in November. Bills that I introduced this year and last year, including the Social Security Solvency Act for 2000, included elimination of the earnings limit, plus another provision that I consider to be the counterbalance to the earnings test—accelerating the increase in the "delayed retirement credit" or DRC.

If a worker decides to continue working after 65 and defer his monthly benefit, the DRC increases the size of his monthly check he will ultimately receive from Social Security. A worker who turns 65 this year will see his benefits increase 6 percent for every year he defers his benefit. Current law allows a worker to delay retirement for up to five years, working until he reaches 70. If that retiree's monthly benefit was \$1,000 when he turned 65, it will be \$1,300 if he puts off receiving a Social Security check until he's 70—that's an extra

\$3,600 a year. However, if that worker enjoys an average length of retirement, this delay puts him at a disadvantage. He should be receiving an extra \$4,800 a year, not \$3,600.

Under current law, the DRC is set to rise to 8 percent in 2008. This is the amount that Social Security considers to be "actuarially sound." That means that a retiree who delays receiving his benefit is getting proper compensation in the future for the money he does not get today. As we eliminate the earnings limit, it is reasonable to include an increase in the DRC. Retirees deserve a fair deal today—not in 2008. Now that we are taking away the earnings limit that discourages senior citizens from working, we should accelerate the DRC and encourage them to "save" so they have a higher benefit during the years they no longer have outside earnings. The accelerated DRC will encourage people to work as long as they choose. The Social Security actuaries have examined my proposal to accelerate the DRC, and they say it is actuarially sound. It doesn't cost taxpayers or weaken the Social Security trust fund.

There are three reasons to accelerate the DRC:

1. Fairness—Give workers who choose to delay receiving their Social Security benefit an increase that is consistent with actuarial assumptions.
2. Choice—Give senior citizens more options to manage their retirement—they choose when they retire and when they should apply for benefits.
3. To Fight Poverty—Give a higher survivor benefit to widows whose spouses took benefits based on the DRC.

When I learned of the Ways and Means markup of H.R. 5, I approached Representative SHAW and Representative ARCHER, and presented my amendment to accelerate the DRC. After careful consideration by the Social Security subcommittee, I received agreement to add this amendment. Gene Sperling called me on the evening of Feb. 28 to tell me that the President had agreed to support it, and the minority gave their consent on Tuesday.

This amendment is too important to be stalled by politics. I will continue to fight for its inclusion, and I remain optimistic that I will see the DRC acceleration language in the bill that President Clinton finally signs into law.

Ms. DELAURO. Mr. Speaker, I rise in support of bringing relief to thousands of seniors who are unfairly punished by the Social Security earnings penalty. For too many seniors, working after they turn 65 isn't an option—it is a necessity. They can ill afford a smaller Social Security check each month. We should fix this inequity and do what is fair and right for our seniors. They deserve nothing less.

Last week, I met with a group of working seniors in West Haven, Connecticut. One was Mary Grabowski. Mary recently retired, but she quickly realized she had to continue to work after she turned 65 because she simply couldn't afford not to. It wasn't a choice. It wasn't so she could make a little extra money on the side. It was about being able to pay her bills.

I also listened to the story of Estelle Stuart. Estelle is also a recent retiree who came to realize that Social Security simply isn't going to be enough for her to get by. In particular, Estelle is forced to work in order to pay for the prescription drugs she desperately needs.

Mary Grabowski, Estelle Stuart, and the thousands of other seniors like them who must

continue to work after 65, are perfect examples of why the earnings penalty is wrong and why we need to end it. I want to thank both of them for sharing their story with me.

Ending the earnings penalty today is a good start. It's important to thousands of seniors. But tomorrow, let's get to work and pass a responsible plan that will strengthen Social Security and Medicare, and provide our seniors with a prescription drug benefit. It is a plan that honors our seniors and protects our values. We've taken a positive first step today. Let's get to work and finish the job.

Mr. FRELINGHUYSEN. Mr. Speaker, the second session of the 106th Congress has been off to a quick start passing landmark legislation that directly impacts millions of Americans and improves our quality of life.

First, we repealed the Marriage Penalty Tax, and today, we will ensure that older men and women still in the workforce will be able to keep more of their hard-earned money without losing important Social Security benefits.

Mr. Speaker, as you are well aware, the golden years for many older men and women in America involve all types of activities. More and more, older Americans are sharing their lifelong experience in business and industry with a new generation of Americans in the workplace. Benefiting from tremendous advances in health care and increasing life expectancy rates, our older people—the generation of men and women who carried our nation through World War II, and beyond—continue to contribute to the economic well being of our state and nation.

While some older men and women are working because they need the paycheck to put food on the table, others keep working simply because they like what they do and see no reason to stop doing it just because they have reached their sixty-fifth birthday.

Right now, the tax code penalizes older Americans who choose to keep working. Over 800,000 seniors today lose part or all of their Social Security benefits because of the Social Security "earnings limit." Almost 37,000 older men and women in New Jersey alone are hit by this unfair penalty.

The present limit cuts or entirely eliminates Social Security benefits for working older men and women whose yearly incomes exceed a certain amount. In 2000, working Americans between the ages of 65–69 will lose \$1 in Social Security benefits for every \$3 in earnings over the limit.

The Social Security earnings limit was created during the Great Depression when jobs were scarce. It was designed to encourage older workers to leave the workforce to free up jobs for younger workers. What may have been good policy during the worst economic downturn in American history is bad policy today during one of the best economic cycles with more challenges and opportunities for everyone.

Our economy is booming and unemployment is at a record low. These working older men and women are an important part of that success. They should be encouraged to remain a vital part of the work force rather than be penalized for their labors. In addition, people today are living longer and healthier lives. Soon, millions of baby boomers will reach retirement age. If these people wish to remain productive members of the workforce long past their sixty-fifth birthday, their experiences, industry, and productiveness should be rewarded.

The Social Security earnings limit penalty is wrong, unfair, and should be scrapped. With the President in agreement, and my colleagues on both sides of the aisle in full support, let's pass "The Senior Citizens Freedom to Work Act" (H.R. 5), after so many years of inaction.

Mr. SHAW. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LATOURETTE). All time for debate having expired, pursuant to the order of the House of today, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SHAW. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The Chair announces that the vote on the Speaker's approval of the Journal, if ordered, will immediately follow this vote, and will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 422, nays 0, not voting 13, as follows:

[Roll No. 27]  
YEAS—422

Abercrombie  
Ackerman  
Aderholt  
Allen  
Andrews  
Archer  
Armey  
Baca  
Bachus  
Baird  
Baker  
Baldacci  
Baldwin  
Ballenger  
Barcia  
Barr  
Barrett (NE)  
Barrett (WI)  
Bartlett  
Barton  
Bass  
Bateman  
Becerra  
Bentsen  
Bereuter  
Berkley  
Berman  
Berry  
Biggert  
Bilbray  
Bilirakis  
Bishop  
Blagojevich  
Blumenauer  
Blunt  
Boehliert  
Boehner  
Bonilla  
Bonior  
Bono  
Borski  
Boswell  
Boucher  
Boyd  
Brady (PA)  
Brown (FL)

Bryant  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Canady  
Cannon  
Capps  
Capuano  
Cardin  
Carson  
Castle  
Chabot  
Chambliss  
Chenoweth-Hage  
Clay  
Clayton  
Clement  
Clyburn  
Coble  
Coburn  
Collins  
Combest  
Condit  
Conyers  
Cooksey  
Costello  
Cox  
Coyne  
Cramer  
Crane  
Crowley  
Cubin  
Cummings  
Cunningham  
Danner  
Davis (FL)  
Davis (IL)  
Davis (VA)  
Deal  
DeFazio  
DeGett  
DeLahunt  
DeLauro

DeLay  
DeMint  
Deutsch  
Diaz-Balart  
Dickey  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doolittle  
Doyle  
Dreier  
Duncan  
Dunn  
Edwards  
Ehlers  
Ehrlich  
Emerson  
Engel  
English  
Eshoo  
Etheridge  
Evans  
Everett  
Ewing  
Farr  
Fattah  
Filner  
Fletcher  
Foley  
Forbes  
Ford  
Fossella  
Fowler  
Frank (MA)  
Franks (NJ)  
Frelinghuysen  
Frost  
Gallegly  
Ganske  
Gejdenson  
Gekas  
Gephardt  
Gibbons  
Gilchrest

Gillmor  
Gilman  
Gonzalez  
Goode  
Goodlatte  
Goodling  
Gordon  
Goss  
Graham  
Granger  
Green (TX)  
Green (WI)  
Greenwood  
Gutierrez  
Gutknecht  
Hall (OH)  
Hall (TX)  
Hansen  
Hastert  
Hastings (FL)  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill (IN)  
Hill (MT)  
Hilleary  
Hilliard  
Hinchee  
Hinojosa  
Hobson  
Hoefel  
Hoekstra  
Holden  
Holt  
Hooley  
Hostettler  
Houghton  
Hoyer  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Inslee  
Isakson  
Istook  
Jackson (IL)  
Jackson-Lee (TX)  
Jefferson  
Jenkins  
John  
Johnson (CT)  
Johnson, E. B.  
Johnson, Sam  
Jones (NC)  
Jones (OH)  
Kanjorski  
Kaptur  
Kasich  
Kelly  
Kennedy  
Kildee  
Kind (WI)  
King (NY)  
Kingston  
Kleczka  
Klink  
Knollenberg  
Kolbe  
Kucinich  
Kuykendall  
LaFalce  
LaHood  
Lampson  
Lantos  
Largent  
Larson  
Latham  
LaTourette  
Lazio  
Leach  
Lee  
Levin  
Lewis (CA)  
Lewis (CA)  
Lewis (KY)  
Linder  
Lipinski  
LoBiondo  
Lofgren  
Lowey  
Lucas (KY)  
Lucas (OK)

Luther  
Maloney (CT)  
Maloney (NY)  
Manzullo  
Markey  
Martinez  
Mascara  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McCreery  
McDermott  
McGovern  
McHugh  
McInnis  
McIntosh  
McIntyre  
McKeon  
McKinney  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Metcalfe  
Miller (FL)  
Miller, Gary  
Miller, George  
Minge  
Mink  
Moakley  
Mollohan  
Moore  
Moran (KS)  
Moran (VA)  
Morella  
Murtha  
Myrick  
Nadler  
Napolitano  
Neal  
Nethercutt  
Ney  
Northup  
Nussle  
Oberstar  
Obey  
Olver  
Ortiz  
Ose  
Owens  
Oxley  
Packard  
Pallone  
Pascrell  
Pastor  
Paul  
Payne  
Pease  
Pelosi  
Peterson (MN)  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pickett  
Pitts  
Pombo  
Pomeroy  
Porter  
Portman  
Price (NC)  
Pryce (OH)  
Quinn  
Radanovich  
Rahall  
Ramstad  
Rangel  
Regula  
Reyes  
Reynolds  
Riley  
Rivers  
Rodriguez  
Roemer  
Rogan  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Rothman  
Roukema  
Roybal-Allard  
Royce  
Rush

Hilley  
Hirady (TX)

Ryan (WI)  
Ryun (KS)  
Sabo  
Salmon  
Sanchez  
Sanders  
Sandlin  
Sanford  
Sawyer  
Saxton  
Scarborough  
Schaffer  
Schakowsky  
Scott  
Sensenbrenner  
Serrano  
Sessions  
Shadegg  
Shaw  
Shays  
Sherman  
Sherwood  
Shimkus  
Shuster  
Simpson  
Sisisky  
Skeen  
Skelton  
Slaughter  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Snyder  
Souder  
Spence  
Stabenow  
Stark  
Stearns  
Stenholm  
Strickland  
Stump  
Stupak  
Sununu  
Sweeney  
Talent  
Tancredo  
Tanner  
Tauscher  
Tauzin  
Taylor (MS)  
Taylor (NC)  
Terry  
Thomas  
Thompson (CA)  
Thompson (MS)  
Thornberry  
Thune  
Thurman  
Tiahrt  
Tierney  
Toomey  
Towns  
Trafilant  
Turner  
Udall (CO)  
Udall (NM)  
Upton  
Velazquez  
Visclosky  
Vitter  
Walden  
Walsh  
Wamp  
Watkins  
Watt (NC)  
Watts (OK)  
Waxman  
Weiner  
Weldon (FL)  
Weldon (PA)  
Weller  
Wexler  
Weygand  
Whitfield  
Wicker  
Wilson  
Wise  
Wolf  
Woolsey  
Wu  
Wynn  
Young (AK)  
Young (FL)

Kilpatrick  
Mica  
Millender-McDonald  
Norwood  
Spratt  
Vento  
Waters

1316

Mr. DIXON changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. SPRATT. Mr. Speaker, I did not hear the bells on rollcall 27. I spoke in support of the bill, H.R. 5, and I would have voted in favor of the bill had I been present.

Mr. MICA. Mr. Speaker, on rollcall No. 27, I was unavoidably detained. Had I been present, I would have voted "yes."

Mr. HORN. Mr. Speaker, on rollcall No. 27, the Senior Citizens' Freedom to Work Act, on which I addressed the House, I was regretfully delayed on official business with a visiting delegation from the German Bundestag. Had I been present, I would have voted "yea."

Mr. NORWOOD. Mr. Speaker, on rollcall No. 27, I was unavoidably detained. Had I been present, I would have voted "yea."

Mr. BRADY of Texas. Mr. Speaker, on rollcall No. 27, I was inadvertently detained. Had I been present, I would have voted "yea."

Mr. BLILEY. Mr. Speaker, on rollcall No. 27, had I been present, I would have voted "yea."

NOT VOTING—13

Brown (OH)  
Campbell  
Cook  
Horn



106TH CONGRESS  
2D SESSION

# H. R. 5

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## AN ACT

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Senior Citizens’ Free-  
3 dom to Work Act of 2000”.

4 **SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVID-**  
5 **UALS WHO HAVE ATTAINED RETIREMENT**  
6 **AGE.**

7       Section 203 of the Social Security Act (42 U.S.C.  
8 403) is amended—

9           (1) in subsection (c)(1), by striking “the age of  
10 seventy” and inserting “retirement age (as defined  
11 in section 216(l))”;

12           (2) in paragraphs (1)(A) and (2) of subsection  
13 (d), by striking “the age of seventy” each place it  
14 appears and inserting “retirement age (as defined in  
15 section 216(l))”;

16           (3) in subsection (f)(1)(B), by striking “was  
17 age seventy or over” and inserting “was at or above  
18 retirement age (as defined in section 216(l))”;

19           (4) in subsection (f)(3)—

20                   (A) by striking “33⅓ percent” and all  
21 that follows through “any other individual,”  
22 and inserting “50 percent of such individual’s  
23 earnings for such year in excess of the product  
24 of the exempt amount as determined under  
25 paragraph (8),”; and

1 (B) by striking “age 70” and inserting  
2 “retirement age (as defined in section 216(l))”;  
3 (5) in subsection (h)(1)(A), by striking “age  
4 70” each place it appears and inserting “retirement  
5 age (as defined in section 216(l))”; and  
6 (6) in subsection (j)—  
7 (A) in the heading, by striking “Age Sev-  
8 enty” and inserting “Retirement Age”; and  
9 (B) by striking “seventy years of age” and  
10 inserting “having attained retirement age (as  
11 defined in section 216(l))”.

12 **SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE EX-**  
13 **EMPT AMOUNT FOR INDIVIDUALS WHO HAVE**  
14 **ATTAINED RETIREMENT AGE.**

15 (a) **UNIFORM EXEMPT AMOUNT.**—Section  
16 203(f)(8)(A) of the Social Security Act (42 U.S.C.  
17 403(f)(8)(A)) is amended by striking “the new exempt  
18 amounts (separately stated for individuals described in  
19 subparagraph (D) and for other individuals) which are to  
20 be applicable” and inserting “a new exempt amount which  
21 shall be applicable”.

22 (b) **CONFORMING AMENDMENTS.**—Section  
23 203(f)(8)(B) of the Social Security Act (42 U.S.C.  
24 403(f)(8)(B)) is amended—

1           (1) in the matter preceding clause (i), by strik-  
2           ing “Except” and all that follows through “which-  
3           ever” and inserting “The exempt amount which is  
4           applicable for each month of a particular taxable  
5           year shall be whichever”;

6           (2) in clause (i), by striking “corresponding”;

7           (3) in clause (ii), in the matter preceding sub-  
8           clause (I), by striking “corresponding” and all that  
9           follows through “individuals)” and inserting “ex-  
10          empt amount which is in effect with respect to  
11          months in the taxable year ending after 1993 and  
12          before 1995 with respect to individuals who have not  
13          attained retirement age (as defined in section  
14          216(l))”;

15          (4) in subclause (II) of clause (ii), by striking  
16          “2000” and all that follows and inserting “1992,”;  
17          and

18          (5) in the last sentence, by striking “an exempt  
19          amount” and inserting “the exempt amount”.

20          (c) REPEAL OF BASIS FOR COMPUTATION OF EX-  
21          EMPT AMOUNT AFFECTING INDIVIDUALS WHO HAVE AT-  
22          TAINED RETIREMENT AGE.—Section 203(f)(8)(D) of the  
23          Social Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

1 **SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

2 (a) **ELIMINATION OF REDUNDANT REFERENCES TO**  
3 **RETIREMENT AGE.**—Section 203 of the Social Security  
4 Act (42 U.S.C. 403) is amended—

5 (1) in subsection (c), in the last sentence, by  
6 striking “nor shall any deduction” and all that fol-  
7 lows and inserting “nor shall any deduction be made  
8 under this subsection from any widow’s or widower’s  
9 insurance benefit if the widow, surviving divorced  
10 wife, widower, or surviving divorced husband in-  
11 volved became entitled to such benefit prior to at-  
12 taining age 60.”; and

13 (2) in subsection (f)(1), by striking clause (D)  
14 and inserting the following: “(D) for which such in-  
15 dividual is entitled to widow’s or widower’s insurance  
16 benefits if such individual became so entitled prior  
17 to attaining age 60,”.

18 (b) **CONFORMING AMENDMENT TO PROVISIONS FOR**  
19 **DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF**  
20 **DELAYED RETIREMENT.**—Section 202(w)(2)(B)(ii) of the  
21 Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is  
22 amended—

23 (1) by striking “either”; and

24 (2) by striking “or suffered deductions under  
25 section 203(b) or 203(c) in amounts equal to the  
26 amount of such benefit”.

1           (c) PROVISIONS RELATING TO EARNINGS TAKEN  
2 INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL  
3 ACTIVITY OF BLIND INDIVIDUALS.—The second sentence  
4 of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4))  
5 is amended by striking “if section 102 of the Senior Citi-  
6 zens’ Right to Work Act of 1996 had not been enacted”  
7 and inserting the following: “if the amendments to section  
8 203 made by section 102 of the Senior Citizens’ Right  
9 to Work Act of 1996 and by the Senior Citizens’ Freedom  
10 to Work Act of 2000 had not been enacted”.

11 **SEC. 5. EFFECTIVE DATE.**

12           (a) IN GENERAL.—The amendments and repeals  
13 made by this Act shall apply with respect to taxable years  
14 ending after December 31, 1999.

15           (b) SPECIAL RULE APPLICABLE TO INDIVIDUALS  
16 WHO ATTAIN NORMAL RETIREMENT AGE DURING THE  
17 FIRST TAXABLE YEAR ENDING AFTER DECEMBER 31,  
18 1999.—Sections 202 and 203 of the Social Security Act,  
19 as in effect immediately prior to the amendments and re-  
20 peals made by this Act, shall apply to any individual who  
21 attains retirement age (as defined in section 216(l) of such  
22 Act) during the first taxable year ending after December  
23 31, 1999 (and to any person receiving benefits under title  
24 II of the Social Security Act on the basis of the wages  
25 and self-employment income of such individual), but only

1 with respect to earnings for so much of such taxable year  
2 as precedes the month in which such individual attains  
3 retirement age (as so defined).

Passed the House of Representatives March 1,  
2000.

Attest:

*Clerk.*

106TH CONGRESS  
2D SESSION

# H. R. 5

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## AN ACT

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.



Calendar No. 439

106TH CONGRESS  
2D SESSION

**H. R. 5**

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IN THE SENATE OF THE UNITED STATES

MARCH 2, 2000

Received; read twice and ordered placed on the calendar

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**AN ACT**

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Senior Citizens’ Free-  
3 dom to Work Act of 2000”.

4 **SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVID-**  
5 **UALS WHO HAVE ATTAINED RETIREMENT**  
6 **AGE.**

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14 appears and inserting “retirement age (as defined in  
15 section 216(l))”;

16 (3) in subsection (f)(1)(B), by striking “was  
17 age seventy or over” and inserting “was at or above  
18 retirement age (as defined in section 216(l))”;

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20 (A) by striking “33 $\frac{1}{3}$  percent” and all  
21 that follows through “any other individual,”  
22 and inserting “50 percent of such individual’s  
23 earnings for such year in excess of the product  
24 of the exempt amount as determined under  
25 paragraph (8),”; and

1 (B) by striking “age 70” and inserting  
2 “retirement age (as defined in section 216(l))”;  
3 (5) in subsection (h)(1)(A), by striking “age  
4 70” each place it appears and inserting “retirement  
5 age (as defined in section 216(l))”; and  
6 (6) in subsection (j)—  
7 (A) in the heading, by striking “Age Sev-  
8 enty” and inserting “Retirement Age”; and  
9 (B) by striking “seventy years of age” and  
10 inserting “having attained retirement age (as  
11 defined in section 216(l))”.

12 **SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE EX-**  
13 **EMPT AMOUNT FOR INDIVIDUALS WHO HAVE**  
14 **ATTAINED RETIREMENT AGE.**

15 (a) **UNIFORM EXEMPT AMOUNT.**—Section  
16 203(f)(8)(A) of the Social Security Act (42 U.S.C.  
17 403(f)(8)(A)) is amended by striking “the new exempt  
18 amounts (separately stated for individuals described in  
19 subparagraph (D) and for other individuals) which are to  
20 be applicable” and inserting “a new exempt amount which  
21 shall be applicable”.

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3 ever” and inserting “The exempt amount which is  
4 applicable for each month of a particular taxable  
5 year shall be whichever”;

6 (2) in clause (i), by striking “corresponding”;

7 (3) in clause (ii), in the matter preceding sub-  
8 clause (I), by striking “corresponding” and all that  
9 follows through “individuals)” and inserting “ex-  
10 empt amount which is in effect with respect to  
11 months in the taxable year ending after 1993 and  
12 before 1995 with respect to individuals who have not  
13 attained retirement age (as defined in section  
14 216(l))”;

15 (4) in subclause (II) of clause (ii), by striking  
16 “2000” and all that follows and inserting “1992,”;  
17 and

18 (5) in the last sentence, by striking “an exempt  
19 amount” and inserting “the exempt amount”.

20 (c) REPEAL OF BASIS FOR COMPUTATION OF EX-  
21 EMPT AMOUNT AFFECTING INDIVIDUALS WHO HAVE AT-  
22 TAINED RETIREMENT AGE.—Section 203(f)(8)(D) of the  
23 Social Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

1 **SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

2 (a) **ELIMINATION OF REDUNDANT REFERENCES TO**  
3 **RETIREMENT AGE.**—Section 203 of the Social Security  
4 Act (42 U.S.C. 403) is amended—

5 (1) in subsection (c), in the last sentence, by  
6 striking “nor shall any deduction” and all that fol-  
7 lows and inserting “nor shall any deduction be made  
8 under this subsection from any widow’s or widower’s  
9 insurance benefit if the widow, surviving divorced  
10 wife, widower, or surviving divorced husband in-  
11 volved became entitled to such benefit prior to at-  
12 taining age 60.”; and

13 (2) in subsection (f)(1), by striking clause (D)  
14 and inserting the following: “(D) for which such in-  
15 dividual is entitled to widow’s or widower’s insurance  
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19 **DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF**  
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21 Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is  
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23 (1) by striking “either”; and

24 (2) by striking “or suffered deductions under  
25 section 203(b) or 203(c) in amounts equal to the  
26 amount of such benefit”.

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2 INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL  
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4 of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4))  
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6 zens’ Right to Work Act of 1996 had not been enacted”  
7 and inserting the following: “if the amendments to section  
8 203 made by section 102 of the Senior Citizens’ Right  
9 to Work Act of 1996 and by the Senior Citizens’ Freedom  
10 to Work Act of 2000 had not been enacted”.

11 **SEC. 5. EFFECTIVE DATE.**

12 (a) IN GENERAL.—The amendments and repeals  
13 made by this Act shall apply with respect to taxable years  
14 ending after December 31, 1999.

15 (b) SPECIAL RULE APPLICABLE TO INDIVIDUALS  
16 WHO ATTAIN NORMAL RETIREMENT AGE DURING THE  
17 FIRST TAXABLE YEAR ENDING AFTER DECEMBER 31,  
18 1999.—Sections 202 and 203 of the Social Security Act,  
19 as in effect immediately prior to the amendments and re-  
20 peals made by this Act, shall apply to any individual who  
21 attains retirement age (as defined in section 216(l) of such  
22 Act) during the first taxable year ending after December  
23 31, 1999 (and to any person receiving benefits under title  
24 II of the Social Security Act on the basis of the wages  
25 and self-employment income of such individual), but only

- 1 with respect to earnings for so much of such taxable year
- 2 as precedes the month in which such individual attains
- 3 retirement age (as so defined).

Passed the House of Representatives March 1,  
2000.

Attest:

JEFF TRANDAHL,

*Clerk.*

Calendar No. 439

106TH CONGRESS  
2D SESSION

**H. R. 5**

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**AN ACT**

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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MARCH 2, 2000

Received; read twice and ordered placed on the calendar



proceed to the consideration of H.R. 5, which the clerk will report.

The assistant legislative clerk read the title as follows:

A bill (H.R. 5) to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, before proceeding to the opening statements, I yield to Senator GREGG who will speak briefly on his proposed amendment. I yield 10 minutes to the Senator.

Mr. GREGG. Mr. President, I appreciate the courtesy of the Senator from Delaware allowing me to proceed out of order. I very much appreciate that generosity on his part. I also appreciate his courtesy as we develop this piece of legislation and congratulate the Senator for bringing it to the floor.

Repealing the earnings limitation is a very important step to assist people who have reached eligibility age for retirement to have a better lifestyle. It allows them to work harder, work longer, work at their option versus at the Government's option, and keep the proceeds of what they earn versus losing it because of this artificial reduction in their benefits, which is presently the law under the earnings limitation test.

It is a very appropriate piece of legislation. It is one which I fully congratulate the chairman of the Finance Committee for authoring and bringing forward, and it is something which I have strongly supported for many years. In fact, yesterday I spoke at some length relative to a bill that has been introduced by myself and a number of other Members of the Senate, including members of the Finance Committee, Senator KERREY, Senator BREAUX, Senator GRASSLEY, Senator THOMPSON, and Senator ROBB, along with Senator THOMAS. That piece of legislation is a comprehensive attempt to reform Social Security, to make it solvent for the next 100 years. As part of that comprehensive reform, we included the earnings limitation repeal, which is very appropriate legislation.

However, I do think if it were being done in a perfect world it would be done in a comprehensive reform of the entire Social Security system because we well know Social Security is facing disastrous consequences beginning in the year 2008 when the baby boom generation retires, followed closely by the year 2014 when the system actually starts to run a cash deficit and is aggravated to the point of crisis by the period 2020 to 2040 when we actually run up an absolutely massive deficit which will have to be passed on to the younger generation through tax increases or through a cut to the benefits of the older generation, but it would be a deficit in the vicinity of \$7 trillion under the present benefit structure.

We need to address that. We need to address the whole issue of Social Security reform, in my opinion. That is why

SENIOR CITIZENS' FREEDOM TO  
WORK ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now

I have worked with Members of the Senate to draft this comprehensive bill.

As I said, one element of the comprehensive bill is the repeal of the earnings limitation. That is a very appropriate step and one which should have been taken many years ago, that will be very beneficial for our Nation as our population and the demographics of our population ages so people, as they become older but are still living longer, will have the opportunity to participate in the workforce, be productive citizens without being penalized by the Government and having some of their benefits taken away under Social Security.

As part of the earnings limitation repeal, I wanted to introduce an amendment to address some of the issues of transparency, of disclosure, of telling people in America in plain English what the Social Security system's present economic status is and what it is going to be in the future. The proposal I was going to offer was basically a mirror of the proposal which came out of the professional group which oversees reviewing the Social Security Administration, the Technical Panel on Assumptions and Methods of the Social Security Advisory Board, a board put together as an arm of the Social Security Administration to come up with ideas for how to improve the Social Security Administration.

They came up in November of 1999 with a whole series of proposals as to information that should be made available to the American public. It was not complicated information, and in fact they stressed it should be put forward in plain English terms so Americans everywhere could understand the status of the Social Security system.

But it was important information, such as:

What will the program cost each year? We should know that as an American people.

What is the projected cash-flow deficit in the program? That is another very important fact we should know in deciding how we are going to deal with Social Security.

What are the benefits the system can actually fund? I cannot think of any information that would be more important than that.

What is the impact of all of this on the overall Federal budget? That is another very important point of information.

All this information should be made available to the American public. That is why the Technical Panel on Assumptions and Methods of the Social Security Advisory Board recommended this type of disclosure occur. So my amendment was going to make as part of the law a commitment we would make those disclosures to the American people through the auspices of the Social Security Administration. It is basic information, critical information for people making informed decisions.

Regretfully, I tell the American people that we have a very big problem

coming. Maybe there was some resistance because if that type of information were available, people would start scratching their heads, saying, "Gee, we do have a big problem; maybe we should address it." That is the goal I have, obviously—to use this information to energize action and move this Congress, and especially the White House, down the road of substantively addressing the whole Social Security issue rather than this narrow question of the earnings limitation question.

However, having stated the outline of the amendment and having gone into much more depth yesterday, I have been working with the chairman, and he has agreed, to try to work this type of language into some other process where it will not complicate his life on this bill but where it will still be language which will at some point become law and which will effectively address the issues raised by the Social Security Advisory Board so we can get full disclosure to the American people.

I very much appreciate the chairman's commitment to work with me on this. As a result, I have decided not to offer this amendment.

I believe the chairman has requested I yield to him the time which would have been available under my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New York.

Mr. MOYNIHAN. Mr. President, I wonder if I could detain the distinguished Senator from New Hampshire for just a moment to say how very much I agree, and I am sure this side agrees, with the points he has made, as the chairman has indicated.

In August of 1994, legislation reestablished the Social Security Administration as an independent agency. It had all but got lost in the Department of Health and Human Services. In the Congressional Directory there were more than 200 names between the name of the Secretary and the name of the Social Security Commissioner. It was very much an agency far down and with no real independence. It is now an independent agency. It has a trustees' report that comes out every year—the trustees being the Secretaries of the Treasury, of Labor, of Health and Human Services, the Commissioner of Social Security and two public trustees. It has the Social Security Advisory Board.

Now, after many years, we are sending out each year to every citizen over 25 a statement of how much they have paid into the system and what they could expect to receive as a benefit at the age of retirement and such like—information nobody ever had before. You could get it, but you had to know where to look for it. The kind of openness Senator GREGG speaks of continues this disposition. I hope we will reinforce it. I certainly think we could have language in our report commenting in this regard. I congratulate the Senator for what he has said.

Mr. GREGG. If the Senator from New York will yield, I appreciate those comments. I know the efforts which have been made by the Senator from New York, trying to make the Social Security system solvent. I greatly admire them.

I would say, this information would be in addition to the information that is already available. The Senator from New York makes the point, people are now told how much they should receive in benefits. What they are not told and what this information would tell them is, where are we going to get the money and what are the shortfalls in the Federal Government that will be created by paying those benefits, and isn't that what you should be worried about as a recipient: Where is the money going to come from?

Mr. MOYNIHAN. A fair point.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I thank Senator GREGG for his statement. I express my appreciation to Senator MOYNIHAN for his statement as well. I look forward to working with the Senator from New Hampshire as well as the ranking member on how to provide the information needed to allow a clear and concise understanding of Social Security. We look forward to proceeding ahead with this proposal.

Mr. President, I ask unanimous consent the remaining time allotted for debate on the GREGG amendment be equally divided, under the control of the two managers.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, today is a great day for millions of seniors, for their families, and for their employers. The Senate will vote shortly to repeal a provision in the Social Security law that discourages seniors from working, the so-called earnings limit. Repealing this earnings limit is an important step in preparing Social Security for the 21st century.

Social Security is a marvelous program. Now and in the future, both for today's seniors and for our children, Social Security is the foundation of a secure retirement for most Americans. Social Security has lifted millions from poverty and is especially important to women. But the Social Security earnings limit discourages seniors from working. Seniors can have their benefits reduced by as much as one-third as long as they work. As a result, many seniors choose to cut back their hours or stop working altogether.

The fact is, the earnings limit is a part of a bygone era. It is the product of the Great Depression, a time when folks believed that an individual should retire completely and make room for others to work. It is antiquated and antiproduative.

Although Congress has made the earnings limit less onerous over the years, it has worked only too well. In the early 1950s, almost 50 percent of men over age 65 were working. Today,

it is only 17 percent. These numbers are even lower for women. But in the new economy we realize the importance of men and women remaining productive participants in our workforce. In the new economy, we appreciate skill and experience.

Abolishing the earnings limit is not only good for seniors, it is good for America. It is good employment and economic policy. It is also good government. It will improve public service by the Social Security Administration.

Repealing the earnings limit will help strengthen the retirement security of Americans by giving seniors a choice of working longer and saving more.

As Americans live longer, work will likely be more and more important to the financial security of seniors, again, especially for women. Also, seniors who work may be better able to voluntarily delay their Social Security benefits. As a result, they will receive a larger check when they do elect benefits, in effect, by banking those benefits.

Repealing the earnings limit is good employment and economic policy. We live in a world of great new potential and exciting changes. The Internet—the communications revolution—is creating huge new opportunities. Breakthroughs in biotechnology promise longer and healthier lives.

Among all this change, however, there is one constant: Our success as a nation depends on the hard work and talent of our people. Today, we understand economic growth is a function of the number of workers and the productivity of each worker. As a nation, we benefit from more workers, not fewer.

According to Federal Reserve Chairman Alan Greenspan, we are beginning to suffer from a serious worker shortage that threatens our economic expansion. In just 5 years—in 2005—when baby boomers reach retirement age, we will need more older Americans working just to maintain the Nation's labor force.

We do not need disincentives that discourage some of our Nation's most experienced workers from working. Abolishing the earnings limit will allow us to protect the Nation's economic gains of the past 17 years. It will not only help to raise the standard of living for many of our seniors but help keep the strongest economic growth in our lifetime on track. This is a win-win situation.

Repealing the earnings limit has one other very important value: Improving public service by the Social Security Administration. Administering the earnings limit is complex; it is difficult. It costs something close to \$100 million per year and is the culprit in the vast majority of Social Security benefit payment errors. These payment errors are a huge source of frustration to seniors. With this legislation, we will now be avoiding that.

Let me also note that there are no long-term costs associated with this bill. No senior receives any greater

amounts of benefits. Rather, we simply provide seniors with greater choice over when they receive these benefits.

I am very proud of what the Senate Finance Committee and the Senate itself has been able to accomplish over the past 5 years. We have balanced the budget and have begun to pay down the public debt. We have strengthened Medicare and expanded health care, especially for children and people with disabilities. We have provided new educational opportunities. We have fixed a broken welfare system. We have cut taxes. We have reformed the IRS. We have protected the Social Security trust fund.

With the passage today of the Social Security earnings limit repeal, we will add one more significant accomplishment to this list. Without question, there is still much to do on Social Security reform. But this legislation is a clear and vivid demonstration that we can work together in a bipartisan way to achieve lasting and valuable changes in Social Security.

In closing, let me note that the President has asked for a clean bill, one without extraneous amendments. With the exception of the managers' amendment, which fixes a technical problem with the House bill, we intend to provide that.

I urge all my colleagues to support this bill, to sweep away the earnings limit—a relic of the Depression—and to move Social Security into the 21st century.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, it is a special joy for this Senator, in his last months of his last term, to rise on this subject in perfect unity with the chairman. I will make remarks out of habit and custom perhaps, but I could not say anything better than has been said. I endorse it completely.

The House has done us a service in sending us a bill which we have been working on for years. Just 4 years ago, we increased the earnings limit to where it would be \$30,000 by the year 2002. But now this gets rid of it. It is an anachronism. As the chairman said, when we enacted Social Security, unemployment was 25 percent. Sir, it is now 4 percent. The range of skills in our economy was wholly different then. Coal mines were no place for 70-year-olds; computer terminals are. It is as simple as that.

An absolutely important, central point to make is, the repeal of the earnings test has no long-run cost. All of the foregone benefits of continued work were made up later when retirement came, or at age 70. As the chairman has accurately said, calculating that makeup can be fantastically complex and has been costly.

It is the one complaint citizens have with Social Security. They believe they are not getting what is theirs. The adjudication and so forth is a needless waste and an expensive one. With this legislation, the problem will be behind us.

Repealing the earnings test, for those reaching normal retirement, will increase outlays by \$19.4 billion over 6 years and \$20.3 billion over 11 years, but this is simply the up-front costs of a long-term absolute even outcome. Extra benefits will not be paid because over time it will be, as you can say, a wash. The advantages are so much greater to pass this now when we have some comfort in our budgetary surplus in the Social Security trust fund. It is the right thing to do.

I say, and I think so would my revered chairman, that we would prefer to abolish all earnings tests for all retired workers. Right now, people can retire at age 62 and receive benefits, and there is a corresponding diminishment thereafter. We could get rid of all that very readily. But it is not before us today. Sufficient unto this day is the work we will have done.

I will leave it there, sir. I have some comments, but I will not go much further.

There are those who say: If you let people retire early at a lower level of benefit, they will do so. Then, later on their spouses will be deprived, and so forth. That is an argument I am not sure is appropriate to social insurance.

It is a fact that three-quarters of all persons now retire before age 65, which argues, I think—and I don't know why we can't learn more about this; we can if we would try—that Americans are pretty well off. They are in a position to do so, and they opt for it. We must keep in mind we are talking about social insurance. It is not for us to judge the behavior of the citizens who have paid into a system and are being paid back by it.

I think the finest summation of this was made by Winston Churchill in 1911. He was then a member of Parliament from the Liberal Party, and it fell to him to manage, as we are managing here, a system of unemployment insurance which we would get to in 1935 as a title in the Social Security Act. It took us another generation.

Churchill at that time was met with the argument that if you gave unemployed workers a benefit, an insurance benefit—they would pay into the system, the employer and the workers—that they would spend the money on drink. He said: "Well, yes, perhaps; it's their money." He was not one much given to the "nanny state," as I think the term was in these years.

It is not for us to judge how wisely people will exercise their options. They are their options. Today we have freed up the system, making it more comprehensible and saving a lot of administrative effort that is really, again, not productive.

I look forward to a good debate. I see my friend from Nebraska on the floor. He has been hugely influential in the discussion and debate about these matters in years past. I know he will be now. I look forward to listening with close attention to his comments.

With that, I thank the chairman once again and yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, did the chairman rise to speak again?

Mr. ROTH. We did have Senator KYL coming down to speak next, going back and forth.

Mr. KERREY. Is he arriving here imminently?

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. Mr. President, I intend to vote for this piece of legislation. I think it is good and needed legislation. But I don't think anybody should be deluded as to why we are taking it up.

I remember the Boskin Commission. A number of years ago there was a question as to whether or not the CPI was overstating the actual cost of living for seniors who were eligible either for an old age, a survivor, or a disability payment. There was a question as to whether or not it was overstated. So we impaneled this commission to evaluate whether or not it was overstated. They came back and said, yes, it was overstated by a point, 1.1.

Out of 535 Members of Congress, maybe 20 people declared they were willing to vote for a 1.1-percentage reduction. If Boskin had come back and said it was understated by a point, there would have been 535 votes for it just like that. Nobody would have minded messing with the Bureau of Labor Statistics. Nobody would have cited philosophy, et cetera.

We are a Congress that has been talking about Social Security reform, saving Social Security first. The President had a year's worth of discussions. We have been talking about this for several years now. It is not rocket science. Social Security is not a difficult problem to figure out. It is not like health care. Medicare is very complicated. Teenage violence is very complicated, as is the disintegration of the family. There are a lot of issues which are so complicated that it is hard to come up with an answer. But this one is not.

What happened is, from 1983 until approximately 12 months or so ago, the Social Security system was generating some assistance to us in reducing the size of our deficit. So when the Social Security transaction to purchase bonds occurred and the Treasury ended up with some cash, they used the proceeds to pay for general services of the Government. Very few people objected to that, so long as it was helping us.

Well, now we are into a surplus. All of a sudden you can't do that anymore. All of a sudden we find ourselves in a position to be able to take care of the earnings test.

I will make it clear. I am for ending the earnings test. The Senator from

New York and I have a piece of legislation that will eliminate the earnings test all the way to 62. Our proposal brought a problem to the surface. This bill has not been heard by the Finance Committee. We have not considered some of the problems that may be created as a consequence of taking this action.

Members should understand that the earnings test isn't just a deduct. It is also an add-on to future benefits. That is why it doesn't cost us anything over 20. Over 10, it costs us \$22 billion. Over 10 years, this proposal costs us \$22 billion. If I came down and proposed a \$22 billion add-on for Americans under the age of 5, there would be a budget point of order offered against it. But because it is for Americans over the age of 65, for some reason, there is silence on that point.

I can't quite figure it out. Maybe a colleague will be able to tell me why no budget point of order was filed against a proposal to spend \$22 billion more on people over the age of 65, where there would be if one were to be filed on people under the age of 5. I am sure there is an explanation for it. I am not smart enough to be able to figure it out.

A consequence of this is going to be largely good. Under Social Security, we have an old age, a survivor, a disability, and a medical benefit called Medicare and Medicaid. The old age benefit is the one to which we are referring. I believe Americans who are over the age of 65—that is who this affects. Eighty percent of all new beneficiaries take Social Security benefits at 62, 63, and 64. So this affects the 20 percent who wait until 65. They are going to have to measure whether or not this is going to be good for them. For most of them, it will be good. For most of them, they will be able to say: Well, I am not likely to be living long enough to benefit from the "add-back" that is going to occur later. So perhaps I am going to come out money ahead.

Again, understand that the earnings test doesn't only have a subtract. It adds back in future years.

One of the interesting things is, when we have proposed to eliminate the earnings test at 62, 63, and 64, some people have come forward and said that that could increase the number of women who are living in poverty because they are going to calculate that that add-back later on is more beneficial to them than the elimination of the earnings test at 62, 63 and 64. I don't know if that is going to happen for people age 65, 66, and 67. It may. There may be some for whom the earnings test is not a benefit. The committee hasn't heard it.

It is politically popular. It passed the House, I believe, unanimously. It will pass the Senate 100-0 as well. There will be nary a dissenting vote when it goes through the Senate. But it has not been heard by committee. It was heard by the Ways and Means Committee. It was not heard by the Finance Com-

mittee. It has a lot of political steam behind it.

This is a good thing to put on an add. This is a good thing to say you support. It is very difficult to be against this proposal.

I point out, again, we have not done comprehensive reform of Social Security. People under the age of 40 are going to pay a terrible price for that. We have an unprecedented demographic problem. It is not comparable to the problem the Senator from New York faced in 1983 when Social Security was fixed once before. The last time, we fixed Social Security for a number of reasons. The political environment has changed. I can't imagine enacting what was enacted in 1983, given the current political climate, which is essentially: I want to fix the problem, but I am against any increase in taxes or any cuts in benefits. If you can give me a good solution for Social Security that doesn't increase taxes or doesn't cut benefits, I am for it. Otherwise, don't sign me up for anything.

Well, we would not have enacted the 1983 reforms if that was the standard we used to guide us. The problem we face in the future is not the same as the problem we faced in 1983. It is a demographic problem that is unprecedented in this country—a doubling of the number of beneficiaries. We are going to have a very steady increase in the number of people in the workforce of 7 or 8 million people working over the next 30 years. 40 million new beneficiaries. It is not likely that the baby boomers will come to Congress and ask for less. They are probably going to ask for more and say Boskin was wrong, that the CPI should be increased by two or three points because they have lots of things they want to buy.

Postponing this problem makes it difficult for us to stand before an audience of people under 40 and say we care about them, because they are going to face a tremendous problem. I heard the Senator from New York mention this change in the law that we had 2 years ago, where the Social Security Administration sent out a notice that wasn't accurate. They should have sent out one to everybody under 40 which said under current law you have a 33-percent cut in benefits heading your way. They did not disclose that. They presumed in that notice that Congress was going to increase the taxes by 50 percent. Well, I daresay if you came to the floor of the Senate now and offered an amendment to increase the payroll tax by a point, you would be lucky to get a half dozen votes.

I think this is a good piece of legislation. It is long overdue. The distinguished chairman described it accurately. I think, for the most part, it is going to be beneficial to people over the age of 65. Though I think there will unquestionably be some, as there would be 62, 63, and 64, who, as a consequence of not getting that add-back later on, may find themselves actually not being helped as much as we think.

I will support the underlying legislation and look forward at a later point in this debate to offering an amendment.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Arizona, Mr. KYL.

Mr. KYL. Mr. President, let me express my appreciation to Senators ROTH and MOYNIHAN, and especially to Senators BOB KERREY and JUDD GRECC for their efforts. This is clearly an idea where the time has come. My colleagues are correct to emphasize that saving Social Security for the future will require us to put aside the prospect of partisan gain for the good of the country and of our senior citizens. I respect the point they have made.

I hope the step we are taking today, which could not be taken without a bipartisan consensus, bodes well for future reform of Social Security. I am quite pleased to see that the Senate is on the verge of taking this momentous action of eliminating the earnings test for those between the ages of 65 and 69. It is a step that is long overdue.

Many of us have been calling for the repeal of this test for many years. In fact, the occupant of the Chair and I were part of the 100th class of Republicans in the House of Representatives who made repealing this earnings test one of our projects. We have been at this for a long time. When I came to the Senate, I joined Senator JOHN MCCAIN, who has been a champion for this cause, in introducing the Senior Citizens' Freedom to Work Act in the opening days of the 106th Congress. When we did that, I wondered whether it would fare any better than when we had offered it in the past. Now, at long last, we have forged a bipartisan consensus for taking action which even includes the President, and relief is finally in sight for working seniors.

I have always believed it just wasn't right to impose steep taxes on people who tried to work after reaching retirement age. It isn't right that under current law seniors between the ages of 65 and 69 lose a dollar for every \$3 they earn above the threshold of \$17,000. In fact, last year, 800,000 seniors lost a portion of their benefit because of this unfair tax. It isn't right that, combined with regular income taxes, and the taxation of Social Security benefits, the earnings test subjects some working seniors to an effective marginal tax rate of more than 100 percent. That is not right.

We all know this earnings test was created during the Depression era when policymakers felt an urgent need to give opportunities to young workers by encouraging seniors to leave the workforce. Today, America faces an extraordinarily tight labor market and seniors are living longer, more productive lives.

In that context, a policy that penalizes our most experienced citizens for their hard work is not just unfair, it is counterproductive. America needs the skills and knowledge senior citizens

have acquired, especially in today's competitive global marketplace.

I believe repealing the earnings test also affirms our commitment to the values of self-help and personal responsibility.

After working to accomplish this repeal throughout my entire time in the Congress, I am very pleased to note that we are so close to completing the job today. Again, my compliments to all those people who have worked so hard to make this a reality.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Arizona, Mr. MCCAIN.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I thank Senator ROTH for his leadership and stewardship of this important legislation.

Obviously, I urge my colleagues to support swift passage of this much needed legislation to eliminate the unfair and discriminatory Social Security earnings test.

For over a decade, I and a few staunch supporters have been fighting to eliminate the earnings test that penalizes senior citizens who want or need to work. We began our battle in 1989 and have offered legislation in each of the last six Congresses to repeal the earnings test. In the beginning, we had only a few allies, notable amongst which was the National Committee to Preserve Social Security and Medicare, which has been at the forefront of this effort, as have my dear friends JOHN KYL and MIKE DEWINE.

I am pleased now that so many Members from both sides of the aisle, as well as President Clinton, understand that senior citizens have a right to work without being penalized for doing so. With this recent groundswell of support, we can finally eliminate this penalty on our Nation's hard-working senior citizens.

I ask unanimous consent that a letter from the National Committee to Preserve Social Security and Medicare in support of this legislation be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1)

Mr. MCCAIN. Mr. President, most Americans are shocked and appalled when they discover that older Americans are penalized for working. Americans should never be penalized or discouraged from working. Yet that is exactly what the Social Security earnings test does. The earnings test pun-

ishes Americans between the ages of 65 and 70 who want to remain productive after they reach retirement age and are eligible to receive Social Security benefits.

The Earnings Test mandates that, for every \$3 earned by a retiree over the earnings limit, the retiree loses \$1 in Social Security benefits. This is clearly age discrimination, and it is very wrong. Due to this cap on earnings, our senior citizens, many of whom exist on fixed, low incomes, are burdened with a 33.3 percent tax on their earned income. When this is combined with Federal, State, local and other Social Security taxes, it amounts to an outrageous 55 to 65 percent tax bite.

In 1996, Congress passed and President Clinton signed into law the Senior Citizens Right to Work Act. This legislation took a step in the right direction by gradually increasing the \$11,250 earnings limit to \$30,000 by the year 2002. This year, the earnings limit is \$17,000. But an individual who is struggling to make ends meet with just their Social Security benefits plus \$17,000 a year in earned income should not be faced with an effective marginal tax rate that exceeds 55 percent.

The Social Security Earnings Test is a relic of the Great Depression, designed to move older people out of the workforce and create jobs for younger workers. Today's booming economy, with the lowest unemployment rate in three decades, can support full employment for both young and old. In addition, experts are predicting a labor shortage as the "baby boom" generation ages, with our elderly population growing much faster than the number of younger workers entering the workforce. According to the U.S. Chamber of Commerce, "retaining older workers is a priority in labor intensive industries, and will become even more critical by the year 2000." The Social Security Earnings Test is counter-productive because it discourages these willing, diligent older Americans from staying in the workforce.

Our senior citizens can continue to make valuable contributions to our economy. Often, their knowledge and experience compliments or exceeds that of younger employees. Tens of millions of Americans are over the age of 65, and together they have over a billion years of cumulative work experience.

More importantly, many of the older Americans penalized by the Earnings Test need to work in order to cover their basic expenses, including food, housing, and medicine. Many seniors do not have significant savings or a private pension. For this reason, low-income workers are particularly hard-hit by the Earnings Test.

In fact, wealthy seniors, who have lucrative investments, stocks, and substantial savings, are not affected by the earnings limit. Their supplemental "unearned" income is not subject to the earnings threshold.

Finally, let me stress that repealing the burdensome and unfair Earnings

Test will not further jeopardize the solvency of the Social Security Trust Funds. Those who claim otherwise are engaging in cruel scare tactics. The Social Security benefits working seniors lose due to the Earnings Test penalty are benefits they earned by contributing to the system throughout their working years. In fact, studies indicate that repealing the Earnings Test would actually result in a net increase of \$140 million in federal revenues because more seniors would be earning wages and paying taxes, including payroll taxes that would go into the Social Security Trust Fund.

Repealing the Earnings Test is very important to the financial security of many of our nation's seniors. But let me take this opportunity to remind my colleagues of the very precarious financial condition of the entire Social Security system and the urgent need for a serious, bipartisan effort to reform and revitalize this cornerstone of many Americans' retirement planning.

My colleagues must recognize that repealing this onerous tax on our nation's senior citizens is an important step toward a fairer, flatter, simpler tax code. The 44,000-page Code is a cornucopia of favors for special interests and a chamber of horrors for average Americans. It penalizes people for getting married and for wanting to pass along the fruits of their labors to their children. It is overly complex and burdensome.

We should act now to eliminate the loopholes and subsidies for corporations and special interests. We should act now to eliminate the onerous marriage penalty, reduce estate and gift taxes, and encourage families to save and invest for their future priorities, such as college and health care needs. We should begin the march toward a fairer, flatter tax system by expanding the 15 percent tax bracket to allow more Americans to pay taxes at the lowest rate. Combined with the repeal of the Social Security Earnings Test, these and other changes to the tax code would provide much-needed tax relief to those who need it most—our nation's low- and middle-income senior citizens and families.

The only way to achieve real reform of the Social Security system is to work together in a bipartisan manner.

I am speaking specifically of the leadership of the Senator from New York, Mr. MOYNIHAN. I can think of no greater gift to the American people than to act on this issue before Senator MOYNIHAN leaves this body. It's time to abandon the irresponsible game of playing partisan politics with Social Security. Democrats will have to stop using the issue to scare seniors into voting against Republicans. Republicans will have to resist using Social Security revenues to finance tax cuts. And both parties must stop raiding the Trust Funds to waste retirement dollars on more government spending. We must face up to our responsibilities, not as Republicans or Democrats, but

as elected representatives of the American people with a common obligation to protect their interests.

We have an obligation to ensure that Social Security benefits are paid as promised, without putting an unfair burden on today's workers. Experts agree that the only way to save Social Security without cutting benefits or raising payroll taxes is to allow every American to invest a portion of their Social Security savings in private, higher-yielding accounts. I believe a good start would be to let each person invest about 20 percent of what they pay in payroll taxes in a personal retirement account. These personal accounts would be controlled by the individual, and the individual would be able to monitor the growth of their investment. An added benefit is that each account would be a "personal lockbox" that could no longer be used by Congress for pork-barrel projects.

In the near term, there is a cost to moving funds out of the Trust Funds into these private accounts, and we must set aside the funds necessary to pay promised benefits while the personal accounts of workers are maturing. Simply locking up the Social Security surplus that comes from payroll taxes—a considerable accomplishment in and of itself—is not enough to save Social Security. We will need between \$5 and \$7 trillion in additional funding over the next 50 years to keep the current system running. I believe we must start now by reserving 62 percent of the non-Social Security budget surplus to shore up the Trust Funds while we begin to implement a plan for personal retirement accounts.

By passing this important legislation to repeal the Social Security Earnings Test, we have the opportunity to restore to our nation's seniors the right to work without penalty to ensure their financial security. But this is just the first step. We must work together to develop fair and effective reforms that will preserve and protect the Social Security system for current and future retirees, while allowing all Americans, particularly low- and middle-income individuals, the opportunity to share in the great prosperity that our nation enjoys today.

I thank the Senator from Delaware for his leadership. I especially thank the Senator from New York for his courageous leadership in suggesting a viable and important way to save Social Security, along with the Senator from Nebraska, Mr. KERREY. I tell the Senator from New York that I talked about it during this entire campaign. It resonates, people want it, and we ought to enact it.

I thank the Chair.

Mr. MOYNIHAN. Mr. President, I yield another 15 minutes to the Senator from Arizona.

(Laughter.)

Mr. MCCAIN. Mr. President, I would like, if the Senator from New York will allow me, 1 more minute.

Mr. MOYNIHAN. Of course. Please.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, I say to the Senator from New York that all over in this campaign I talked about the leadership of Senator MOYNIHAN of New York, Senator KERREY of Nebraska, and their proposals, which met with some derision in some quarters. But the fact is, when you consult the experts, they will tell you this is really the only way we can allow people to invest their retirement funds in a personal savings account over which they then will have control. But we need to get money into the fund in order to allow them to do that.

I think the Senator from New York has made an enormous contribution. I hope we can join together in a bipartisan fashion and enact that proposal. It may not be a perfect proposal; there may be some changes that need to be made on it; but the heart of it is the solution to the Social Security crisis, which we all know is coming beginning in the year 2014.

I thank my colleague from New York.

I yield the floor.

#### EXHIBIT 1

NATIONAL COMMITTEE TO PRESERVE  
SOCIAL SECURITY AND MEDICARE,  
Washington, DC, March 20, 2000.

Hon. JOHN MCCAIN,  
Russell Office Building, U.S. Senate, Wash-  
ington, DC.

DEAR SENATOR MCCAIN: On behalf of its millions of members and supporters. The National Committee to Preserve Social Security and Medicare thanks you for your leadership on earnings limit repeal. We are truly grateful for your committed efforts on behalf of senior Americans.

Senator McCain, I remember when we began the battle to eliminate the unfair Social Security earnings limit more than a decade ago. At that time, we had just a few allies in Congress. You immediately recognized the inherent unfairness of punishing seniors who, either out of necessity or choice, continued to work after reaching the normal retirement age.

We are quite pleased to see so many members of Congress now willing to fight for seniors' freedom to work. With this newfound support, the egregious earnings test will likely be eliminated for those who have attained normal retirement age.

The members of the National Committee to Preserve Social Security and Medicare are delighted that passage of earnings limit repeal now seems imminent. Thank you again, Senator McCain, for your determined efforts and tenacious commitment. Without your hard work over the years, I doubt that we would be facing victory on this important issue.

Sincerely,

MARTHA A. MCSTEEN,  
President.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Texas.

Mrs. HUTCHISON. Mr. President, I thank the Senator from Delaware and the Senator from New York for their leadership on this issue, finally getting it to the floor in this form. I think it is very clear we are going to pass it and give the needed relief to our senior citizens.

I could not go forward without mentioning my colleague, Senator MCCAIN. Senator MCCAIN received a huge welcome back to the Senate. No one has forgotten what has happened in the last 3 months. I think a great impact has been made on the politics of our country. I think the contribution made by Senator MCCAIN will resonate for a long time to come. He has brought new people into the process. He has shown what courage is. He has given people an idea of what courage and serving one's country can do. I think he has added tremendously to the process. Our Republican caucus met at noon, and he got the longest standing ovation he probably ever will get. Certainly it was heartfelt. I think everyone is very glad we are going to have him back and working with Members to put together many of the reforms about which we have been speaking.

It happens that the bill we are discussing today was originally introduced by Senator MCCAIN. He was the first to introduce the bill to repeal the earnings test on Social Security benefits.

In 1935, when Social Security was passed, we had a very different senior citizen population and a very different need in our country. People didn't live as long. They were not as healthy. They were not as vigorous. They didn't want to work, by and large, after the age of 65. Today, if people want to work after the age of 65, they have contributed to Social Security all their lives, and they decide they want to take their benefits, what happens? They get docked. For every dollar over \$17,000 a Social Security recipient receives, they lose \$3 in their Social Security benefits.

Today is not 1935. Today people are vigorous. Many people want to work. Many people want to supplement their incomes. We also have a need for more workers in this country. We have very low unemployment. Our high-tech companies are asking people to come back to work. They need skilled workers. Our service industry is burgeoning. It needs skilled workers. This group of senior citizens is among the best in our country, and they now have a surtax because they receive Social Security benefits.

Let me give an example. If someone earns \$26,000 a year and they are on Social Security, they lose \$3,000 of their benefits. The average Social Security recipient receives \$9,600 in benefits. So one-third of their benefits is lost if they go to work.

What Senator MCCAIN said is very important. The people to whom this matters most are the people who need it. It is not the person who has been fortunate in life and has investments; they are not worried about the \$9,600 or \$12,000 in Social Security benefits. It is the person who is living on \$26,000 or \$30,000 a year who wants to be able to work to add a little extra cushion. That is what was intended under Social Security; that would be a baseline.

Hopefully, one would have the ability to have savings to add to their retirement security. Some people have not gotten the savings so they want to work.

There is no reason in today's good times to severely penalize a solid worker, someone we actually need for our economy.

I thank Senator ROTH from Delaware and Senator MOYNIHAN from New York for bringing this bill to the floor. Senator ASHCROFT has been a great leader, as well as Senator MCCAIN. Many have worked together on this.

The bottom line is, this is an idea where the time has passed. It hasn't come, it has gone. We should have done this years ago. We have chipped away at it. We are on a roll right now to take that earnings test up to \$30,000 from \$17,000. That is not good enough. We can eliminate it. This is the right thing to do. This is the time to do it. We have a burgeoning economy. We need the workers. We need the high-tech employees. We need these solid citizens in our economy. If they want to be here, they should have the choice.

I urge our colleagues to pass this quickly. I hope we can pass it cleanly, get it to the President, and give these people the opportunity to make their choices in their senior years.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I first thank the Senator from Texas for her more than generous remarks to our committee. We appreciate that.

I believe now a distinguished member of the committee about whom Senator MCCAIN was speaking a moment ago, the Senator from Nebraska, has an amendment to offer. I believe there is an hour.

#### AMENDMENT NO. 2885

(Purpose: To redesignate the term for the age at which an individual is eligible for full, unreduced old-age benefits)

Mr. KERREY. I send an amendment to the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY] proposes an amendment numbered 2885.

Mr. KERREY. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mrs. HUTCHISON). Without objection, it is so ordered.

The amendment is as follows:

At the end add the following:

SEC. . . REDESIGNATION OF TERM FOR AGE AT WHICH AN INDIVIDUAL IS ELIGIBLE FOR FULL, UNREDUCED OLD-AGE BENEFITS.

(a) IN GENERAL.—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended—

(1) by striking "retirement age" each place it appears and inserting "the age of eligibility for full, unreduced old-age benefits";

(2) by striking "early retirement age" each place it appears and inserting "the age of earliest eligibility for old-age benefits"; and

(3) by striking "delayed retirement" each place it appears and inserting "delayed entitlement for old-age benefits".

(b) CONFORMING AMENDMENT.—Section 202(q)(9) of the Social Security Act (42 U.S.C. 402(q)(9)) is amended by striking "early retirement" and inserting "early entitlement for old-age benefits".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

Mr. KERREY. I understand under a previous unanimous consent the vote will occur at 4 o'clock. Is that correct?

Mr. MOYNIHAN. That is entirely agreeable to us.

Mr. ROTH. We are happy to have the vote at 4 o'clock. There is no unanimous consent stated.

Mr. KERREY. I am not sure I will take a full 30 minutes on my side. Let me describe the amendment first and see where it goes.

My amendment is essentially a conforming amendment. It is an amendment that conforms a change we are about to make with the change in the language relating to earnings that occur between age 65 and 69.

Senator MOYNIHAN and I have a proposal to eliminate the earnings test from 62 to 65. Some groups are opposed because they are concerned that for low-income working women there could be an increase in the number of women who are under the poverty guidelines as established by the Federal Government. It is an interesting fact. I am not sure of the validity of the forecast.

We are changing the program from a retirement program to an old-age program. I support that change. To change Social Security so that it is no longer a retirement-based program is very important.

Since 1935, we have either said to workers: You have to retire before you are eligible; or we have said: If you continue to work, there will be a penalty that will occur as a consequence of whatever earnings you have.

That is what we are trying to eliminate.

My amendment is a fairly simple, straightforward amendment. I don't know that I need to talk a great deal about it. It merely inserts language that makes it clear that full or semi-retirement is no longer required to collect benefits, that what is necessary is to merely meet a tested age—62, 63, 64, and on and on—and for those currently affected by the earnings test, for 65 through 69, there will no longer be a test of earnings and a deduct that will occur.

But, in addition to eliminating the earnings test, we are also fundamentally changing the old-age benefit part of the Social Security program, I believe in a way that is constructive, that will change the program from a retirement-based program to a program based on a test of age.

I am attempting with this amendment to merely bring the language of the law in conformance with what we will be doing with the underlying provision, which is to say you no longer have to retire and have little earned income in order to receive benefits. All

you have to do under this program is meet a test of age. That one dollar for three dollars—up to \$17,000 of income—deferral of benefits will no longer occur—from 65 to 69.

I support the underlying bill. This amendment will bring the language of the law in conformance to what the underlying bill does.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Madam President, I ask unanimous consent the vote occur on or in relation to the pending Kerrey amendment at 4 p.m. and the time between now and the vote be equally divided in the usual form.

I further ask unanimous consent that passage of H.R. 5, as amended, occur at 10 a.m. on Wednesday, March 22, and that paragraph 4 of rule XII be waived.

Finally, I ask unanimous consent the time between 9:45 a.m. and 10 a.m. on Wednesday be equally divided between the chairman and ranking minority member of the Finance Committee for closing remarks on the Social Security earnings bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. In light of this agreement, I announce on behalf of the leadership the 4 p.m. vote today will be the last vote of the day.

Mr. MOYNIHAN. Mr. President, I see the Senator from Nebraska would like to resume his discourse.

The PRESIDING OFFICER (Mr. CRAIG). The Senator from Nebraska.

Mr. KERREY. Mr. President, I am going to speak until Senator ROBB gets down to the floor.

As I said earlier, I support the elimination of the earnings test from 65 to 69, and believe the amendment I have offered would be a positive conforming change that will make it clear, regarding Social Security at age 65, there is no longer a requirement to be retired. That is what the current law says, you have to be retired. "Retirement benefit at normal retirement age" is how it is described in the statute. My amendment would conform the changes we are making in H.R. 5 to alter the program that reduces benefits according to income from one that would no longer offer that reduction to beneficiaries.

Beneficiaries evaluate their income versus what Social Security is going to do all the time. One of the interesting things about the program is to observe that nearly 80 percent of beneficiaries take an early benefit. They have a 20-percent reduction in benefits.

The baby boomers may come in here 15 years from now and want to get rid

of that, for all I know, but right now it is a 20-percent reduction in benefits. Mr. President, 80 percent of Americans, when they become eligible for the old age benefit, will opt to take that 20-percent reduction—not all of them are doing it at 62—some are taking a smaller cut in benefits at 63 or 64—because they calculate the benefits will be greater than retiring at 65 if they survive for 10 years. There is a lot of thinking that goes on, including with the earnings test, the calculation of what the deduction will mean and what the add-back will provide in future years.

I would like to spend a little time again, until Senator ROBB gets down here, to talk about the underlying problem. The earnings test elimination bill, the legislation we are going to pass 100-0 tomorrow, does address one of the problems, though it only addresses it partially. It addresses the earnings test imposed from age 65 to 69. It does not address the earnings test imposed from age 62 to 64. But there are other problems that the status quo creates for future beneficiaries. We need to think about it that way. I would like to show my colleagues the ways delaying reform will cause future workers and beneficiaries to suffer.

The biggest problem with delaying reform is that it forces hard working, lower and middle class Americans to bear a disproportionate share of the burden of debt reduction—the same people who bore a disproportionate share of the great deficit reductions in 1980s and 1990s. People being paid by the hour are now being told we are going to use a significant portion of their FICA taxes—which are supposed to be dedicated to benefit payments—to pay down debt. That is basically what this phrase "saving Social Security" means when you examine it more closely.

It is true the debt will be nearly eliminated by 2013 if we use all of the surpluses to pay down debt—but then it goes right back up again in the 2020s to fund Social Security benefits for the baby boomers. So, if you are under the age of 15 today, when you become eligible you are looking at debt levels that will be somewhere between two and three times what they are today. So the do-nothing plan, taking no action at all—there are still 500 Members of Congress who have not signed onto a specific piece of legislation—results in a substantial increase in the debt out into the future.

The other thing that could happen in the future a consequence of this huge demographic bulge of baby boomers is a massive payroll tax increase or a cut in benefits. The baby boom generation will start retiring in 2010. There will be a 40-million-person increase in the number of beneficiaries from 37 to 77, but only a 7 or 8 million person increase in the number of people who are working.

Social Security is essentially a tax on people who are working, transferred

in a progressive fashion to people who are eligible as a consequence of meeting a test of age, survivorship, or disability. It is a progressive transfer program. We have a trust fund that accumulates as a reserve against contingencies but it is a pay-as-you-go program. It is a tax that is transferred in a very progressive fashion. Indeed, that 12.4-percent tax today, along with the tax on income and the interest that is earned on the debt that is paid with income taxes, there is about \$150 billion more—\$550 billion of total income coming into the Social Security system this year against about \$400 billion in checks that are written to pay for it.

That reserve builds up over time. I will not go into that particular problem, but anytime you have to convert any of those bonds, you have to use income taxes to convert the bond. Starting in about 2014, we will have to start drawing the trust funds down with additional infusions of income tax into the program.

What does this all mean for today's workers? If you are under the age of 40—there are approximately 150 million Americans under the age of 40—you are looking at the following problem: Congress will either have to reduce your benefits by 33 percent or Congress will have to enact a payroll tax increase of about 50 percent to accommodate the demand that will be there, the liability that will be there, under current law.

Obviously, a tax increase of that magnitude seems unacceptable. But this is what current law calls for. So if you are a Member of Congress that supports the do-nothing approach, you support a 33-percent cut in benefits or a 50-percent increase in taxes.

The reason I mention that is that with the plan I have introduced with Senator MOYNIHAN, the plan we have introduced with Senators BREAU, GREGG, and ROBB, I have received a lot of attacks. People say: You are reducing benefits out in the future. How dare you reduce benefits out in the future, let alone suggest we need some additional revenue with tax increases?

None of the proposals out there have called for massive tax increases. Our proposal has a 2-percent reduction in the payroll tax, but it is funded with offsets in benefits out in the future, as well as increased benefits coming from the individual accounts—

Mr. MOYNIHAN. Will the Senator yield?

Mr. KERREY. Yes.

Mr. MOYNIHAN. Two percentage points?

Mr. KERREY. Two percentage points, that is correct. Not 2 percent of the 12.4; but 2 percentage points overall, from 12.4 to 10.4 percent. Under current law, a substantial increase in the publicly-held debt will occur.

In addition, there is a problem with the existing program in that low-income-earning beneficiaries do not have enough of their income replaced by the current benefit formulas. The Social Security reform proposal that I have

introduced with a bipartisan group of Senators increases benefits for low income workers by changing these benefit formulas.

I hear lots of my colleagues, especially on this side of the aisle, talk a lot about the rich getting richer and the poor getting poorer. It is true that the gap is widening, but if you want to solve the problem, you cannot do it just by increasing the minimum wage or increasing the earned-income tax credit. You have to change the law so people of all incomes have the opportunity to generate wealth. The current Social Security program does not offer that opportunity. Our proposal would.

Finally, there is growing intergenerational inequity in our Federal budget. We may not be spending too much on people over age 65 today. But by the time I am eligible for Social Security, and the cohort coming right behind me—the baby boomers—in my view, we will be.

So colleagues understand, today if you take all Federal and State funding on people over the age of 65 and the people under the age of 18—that is State and Federal spending—we spend three times as much on people over age 65 as we do on people under the age of 18.

Again, I do not think it is too much today. I do not think we are spending an excessive amount today. But spending on seniors continues to increase. The year-to-year spending increases are getting larger. Again, nobody should suffer the illusion of where this money comes from. It comes from a tax on wages on today's workers.

If we underinvest in the skills and the training and the education of these kids, which in my view we are, in favor of politically popular moves that spend more and more money on people over the age of 65—and understand, there are 50 percent more Americans under the age of 18 than over the age of 65—if we continue to do that for very long, when we get to the year 2030 there will only be two workers per retiree. If I get to pick Warren Buffett and Bill Gates, I am in good shape. But I don't. I pick an average. One of the things we need to consider, as well, is the do-nothing plan is heading in a direction of creating, in my view, substantial intergenerational inequities in the Social Security program itself.

Social Security and Medicare are popular because they currently have some semblance of generational equity. People of all ages support Social Security and Medicare because they see them as a fair social contract. But in 10 or 15 years from now, my view is, looking at the numbers, and with there likely to be a decreasing number of young people, they are not going to have to be told by politicians, they are going to look at the contract and say: Wait a minute, this deal is not very good for me. They are not going to like it and will rise up and get angry about it.

For these reasons, I would argue that the status quo plan offered by the do-

nothing caucus is dangerous. What we need is a comprehensive reform plan—that is bipartisan in nature—to finally fix the problems in the Social Security.

Obviously, the elimination of the earnings test is a very popular Social Security reform measure. The other ones are unpopular but require difficult votes in order to make the changes. I hope that we, at some point, are able to come together to solve the larger problem of Social Security that exists in all these different ways.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I thank the Senator from Nebraska once again and say I regret he was necessarily away from the floor when the Senator from Arizona spoke almost precisely in your terms, and spoke about the legislation you have offered, and said, yes, it would often produce derision when you talked about it on the campaign trail—we know a little bit about derision, both of us do—but he said a bipartisan solution is necessary and possible. If we cannot see it coming, we will be remembered for not having done so.

I see that my friend, the distinguished Senator from Virginia, is on the floor.

Would the Senator like 5 minutes?

I yield 5 minutes to the Senator from Virginia—more if he requires it.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I thank the distinguished Senator from New York. I am delighted to join, as I just mentioned to him, the "amen" chorus.

I rise to support my friend from Nebraska in his continuing effort to strengthen Social Security for the long term. I commend him for his tireless work on behalf of the seniors of this country, as well as their children and grandchildren, as he fights to both strengthen Social Security and lessen the burden of debt we leave to future generations.

I share Senator KERREY's frustrations over the failure of this body to strengthen Social Security. I am pleased we can now afford to repeal the earnings test. I fully support this bill. But this is only one of many steps that need to be taken. We cannot continue to deal with a program as large and as vital as Social Security on a piecemeal basis. We owe both our seniors and our children so much more.

The facts are simple. By the year 2013, payroll taxes we collect will not be sufficient to pay for Social Security payments. By the year 2034, the program will only be able to pay for 72 cents out of every dollar of benefits we have promised senior citizens in America. Worst of all, these figures are based on our economy continuing to click along at the same pace it is right now. If we have a sudden downturn or period of stagnation, we will be in trouble much sooner.

It is time to start telling the American people the truth. If we do not strengthen our Social Security pro-

gram, we will have to either cut benefits or increase payroll taxes—or both. We cannot afford to let that happen.

Even worse, from my perspective, the bills would have to be paid by our children and grandchildren. They deserve a better legacy from us than a mountain of debt.

The good news is, slowly but surely, we are making progress. In the past several years, we have been able to remove the Social Security trust fund surplus from the calculation of the onbudget surplus. While I am pleased we have taken this first step toward fiscal responsibility, we need to do much more. Setting aside the surplus in the Social Security trust fund is prudent, but it does not take care of the underlying and very fundamental problems.

Now is the time to act. We need to strengthen the Social Security program so today's senior citizens get the benefits they have been promised. We need to strengthen the Social Security program so our children and grandchildren are not unfairly burdened with our debt. We need to do more. I support what we are doing today, but we need to do more.

I conclude my remarks by thanking the distinguished senior Senator from New York, who is, regrettably, in the judgment of many of us, going to be retiring from this institution, and the distinguished senior Senator from Nebraska, who, equally regrettably, is going to be retiring from this institution. Both will be sorely missed.

With that, I yield the floor.

Mr. MOYNIHAN. I thank the Senator most sincerely.

Mr. ROTH. Mr. President, I yield 5 minutes to Senator HAGEL.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. Mr. President, I add my thanks to the distinguished chairman of the Finance Committee and the ranking member, Mr. MOYNIHAN. And I tag on to what my friend and colleague, Senator ROBB, said regarding the loss to this body and to America as we find Senators MOYNIHAN and KERREY serving their last year in the Senate. In a narrow, parochial sense, Mr. KERREY's impending retirement makes me the new senior Senator from Nebraska. However, I would have gladly put that aside for the interest of our senior Senator from Nebraska staying on, as well as Mr. MOYNIHAN, who adds the kind of enlightenment, enhancement, and leadership to an issue that is so critical to this country and to our future.

With that, I, too, rise in support of H.R. 5, the Senior Citizens' Freedom to Work Act of 2000. I am also a cosponsor of the Senate companion bill, S. 2074, the Social Security Earnings Test Elimination Act.

I think it is appropriate this afternoon to acknowledge our friend and colleague, Senator MCCAIN, who has recently rejoined the Senate after his odyssey throughout America over the

last few months. Senator MCCAIN was an early sponsor of repealing the Social Security earnings test and fought hard and provided essential leadership early on. I acknowledge Mr. MCCAIN's early leadership on this issue.

We have heard today how this legislation will repeal the Social Security earnings test, which is a disincentive for seniors to work by reducing seniors' Social Security benefits according to the amount of income they earn. We know this legislation will allow seniors between the ages of 65 and 70 to go back to work or continue to work and not worry about being penalized for their productivity or losing their Social Security benefits.

As America moves into the new century, it will need more workers in the workforce, not less. Productive capacity is the engine that drives economic growth. That means we must have skilled workers and managers and experienced workers and managers. The passage of this bill helps America with this great challenge. It will help America retain this vital resource of skilled and experienced workers and managers.

However, this legislation will not fix Social Security. It will not fix our long-term workforce challenge. The solvency of Social Security is one of the great challenges facing America today. We must reform Social Security or it will not be there for future generations. We know the figures.

In 1999, there were 35 million Americans, 13 percent of total population, 65 years of age or older. By the year 2030, there will be 70 million Americans, 20 percent of the total population, who will be 65 years of age or older. In 2010, the first group of the 76 million baby boomers will become eligible for Social Security benefits. And in 2030, the number of workers paying into Social Security per beneficiary, as Senator KERREY has acknowledged, will drop to 2 from the present 3.3.

With this increasing number of beneficiaries and a smaller workforce contributing to the Social Security system, if Congress does not enact reform, Social Security benefit payments will begin to exceed the taxes collected in the year 2014. My colleagues who have spoken before me on the floor this afternoon have pointed out in rather significant clarity the consequences of that.

I don't have all the answers to what we must do, but I am sure of one thing—this Congress needs to act sooner rather than later. We must reform Social Security and improve it for future generations.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. HAGEL. I ask for an additional 1 minute.

Mr. ROTH. One minute.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. I thank the Chair.

We know there is an anticipated projection of a \$2.3 trillion surplus in Social Security trust funds over the next

10 years. But we do know that if, in fact, we are to reform Social Security, whatever projected surplus occurs must remain in Social Security. Second, we must reform Social Security in a way that starts to develop personal wealth. Personal retirement accounts would harness the power of private markets and compounding interest, providing a much higher rate of return on each individual's investment. This also gives ownership to each individual, meaning choices and more responsibility for their own economic future.

The changes we make to Social Security should not affect current or soon-to-be beneficiaries. We can create a system that still provides a safety net for those who are most vulnerable in society but offers younger workers the opportunity to create wealth and save for their futures.

Finally, the Social Security system we now have affects all Americans. It will continue to affect all Americans. The decisions we make today will profoundly affect the lives of all Americans. We must not squander the time we now have to deal with the solvency of Social Security.

I strongly urge my colleagues to vote in favor of the passage of this relevant, important, and timely legislation.

I thank the Chair and yield the floor. The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I ask unanimous consent that the pending amendment be set aside so I may offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AMENDMENT NO. 2886

Mr. ROTH. Mr. President, I submit a managers' amendment on behalf of myself and Senator MOYNIHAN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from Delaware [Mr. ROTH], for himself and Mr. MOYNIHAN, proposes an amendment numbered 2886.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the first word and insert the following:

#### 1. SHORT TITLE.

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".

#### SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at

or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3), by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "Age Seventy" and inserting "Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

#### SEC. 3. NONAPPLICATION OF RULES FOR COMPUTATION OF EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

(a) IN GENERAL.—Section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended by adding at the end the following new subparagraph:

"(E) Notwithstanding subparagraph (D), no deductions in benefits shall be made under subsection (b) with respect to the earnings of any individual in any month beginning with the month in which the individual attains retirement age (as defined in section 216(l))."

(b) CONFORMING AMENDMENT.—Section 203(f)(9) of the Social Security Act (42 U.S.C. 403(f)(9)) is amended by striking "and (8)(D)," and inserting "(8)(D), and (8)(E)."

#### SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.

(a) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60"; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60."

(b) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended by striking "or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit" and inserting "or, if so entitled, did not receive benefits pursuant to a request by such individual that benefits not be paid".

#### SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1999.

Mr. ROTH. Mr. President, let me briefly describe the managers' amendment. This amendment would fix a technical problem with the House bill that would inadvertently impose a more stringent earnings limit on certain Social Security beneficiaries age 64 than provided under current law.

I ask unanimous consent that a description of the amendment be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### DESCRIPTION OF THE MANAGERS' AMENDMENT

The Managers' amendment would make a technical correction to H.R. 5, the "Senior

Citizens Freedom to Work Act", that abolishes the Social Security earnings limit for Social Security beneficiaries ages 65-69. As written, the House bill would impose a more stringent earnings limit on certain Social Security beneficiaries who are age 64 than provided under current law after 2000.

#### CURRENT LAW

Under current law, there are two earnings limits, one that applies to Social Security beneficiaries ages 62-64, the other to beneficiaries ages 65-69. In 2000, under the earnings limit for beneficiaries 62-64, a beneficiary has his or her Social Security benefits reduced by \$1 for every \$2 in earnings over \$10,080. For beneficiaries 65 to 69, benefits are reduced by \$1 for every \$3 in earnings over \$17,000; this threshold rises to \$25,000 in 2001 and \$30,000 in 2002. There is no earnings limit for beneficiaries over age 70.

Eligibility for the 65-69 earnings limit is determined by the calendar year in which that beneficiary turns 65, regardless of the month in which the beneficiary actually turns 65. Thus, for example, in 2000 a beneficiary who turns 65 in December would have the 65-69 earnings limit apply to him or her throughout the entire calendar year of 2000. Eligibility for the age 62-64 earnings limit, and for no limit at age 70, begins with the month a beneficiary turns 62 or 70.

#### HOUSE BILL

H.R. 5 would abolish the earnings limit for beneficiaries above the "normal retirement age" (currently age 65). However, effective 2001, under H.R. 5, a beneficiary would not be eligible for the age 65 earnings limit (i.e., no earnings limit) until the month in which that person reaches age 65. Otherwise, the age 62-64 earnings limit would apply. Thus, a beneficiary who turned 65 in December 2001 would have an earnings limit for most of 2001 of \$10,440, which is substantially less than current law (\$25,000).

#### SENATE MANAGERS' AMENDMENT

The manager's amendment would make a technical correction to H.R. 5 to continue permanently the current law practice that for the year in which a Social Security beneficiary reaches the normal retirement age (currently age 65), the current law age 65-69 earnings limit applies until the month in which the beneficiary reaches the normal retirement age (age 65). When the beneficiary reaches the normal retirement age, the earnings limit would no longer apply.

Mr. ROTH. Mr. President, I yield back all time on this side.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I express the gratitude I have, and I am sure our revered chairman has, for our staff who worked this out. It was not easy. It was a weekend's work at a minimum, which sounds simple when so described, to try to get it into legislative language. But it was necessary. It is understood on the House side that, yes, that was a mistake we had not realized or we had not taken care of. So we now have done so.

I yield the floor.

The PRESIDING OFFICER. Without objection, the amendment is agreed to. The amendment (No. 2886) was agreed to.

#### AMENDMENT NO. 2885

Mr. ROTH. Mr. President, what is the order of business?

The PRESIDING OFFICER. There are 12 minutes remaining on the Kerrey amendment.

Mr. MOYNIHAN. Mr. President, I see the distinguished Senator from Indiana has risen. Does he wish to speak?

Mr. ROTH. Mr. President, I was going to make a statement first.

Mr. MOYNIHAN. The Senator from Delaware will speak and then 5 minutes, or such as remains, will be yielded to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I begin by recognizing the important contributions of Senator KERREY, both to the Finance Committee and to the Senate. In particular, he is a unique and important voice in the national debate on Social Security and Medicare reform. He has taken thoughtful but not always popular positions on how these programs should be reshaped, both to better serve our Nation's seniors and to ensure that these programs can be sustained.

Indeed, much of the current debate over Social Security reform dates to 1993, when Senator KERREY conceived and then later chaired the Bipartisan Commission on Entitlement and Tax Reform. On the Finance Committee, his energy and expertise are highly regarded by his colleagues.

Having said that, I must oppose this amendment. I understand why Senator KERREY has offered it. And on a more appropriate bill, I might support it. Certainly, as a nation, we need to rethink carefully what we mean by retirement. However, I believe instead we should act to move this legislation to the President as quickly as possible. That means no other amendments other than the managers' amendment, which fixes a technical problem of the House bill.

I have received a letter from Chairman ARCHER and Congressman RANGEL saying that any other extraneous amendments will require a conference. Needless to say, other issues might be raised in the conference.

Mr. President, I trust my friend from Nebraska will understand why I oppose this amendment. I hope he will accept my pledge to continue to work with him on these important issues.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I yield 5 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 5 minutes.

Mr. BAYH. Mr. President, I thank the Senator for his indulgence. This is my first opportunity to point to the fact that Senator MOYNIHAN's mother was a longtime resident of our State. We are very proud of that fact, and I am pleased to note it today. Our colleague, Senator GREGG, is not with us, but I thank him for his leadership on this issue. It is not surprising to me that a former Governor is leading the way on a matter of such importance in terms of fiscal responsibility. Likewise, I commend our colleague, Senator KERREY. I am not the least bit

surprised that someone whose courage has been tested on the field of battle also has the courage to address one of the foremost challenges of our time—a challenge that is important to the future of our country, yet escapes the ability of many politicians to address. I salute Senator KERREY for his leadership on this very important issue.

I, too, rise in support of the cause of repealing the earnings test limit on the Social Security benefits. It is the right thing to do at this time with unemployment being so low and the economy so strong. This will inject much needed talent on the part of senior workers into the economy. It is only right that if people are living longer, we should enable them to earn more to support themselves. Since it doesn't have a long-term fiscal impact, it is the right thing to do from that standpoint.

On this particular bill and on this particular vote, no profiles in courage will be written on the floor of the Senate today. I am concerned and I add my voice to others—a growing chorus—in calling for meaningful reform in the Social Security system and to ensure its long-term financial viability.

The trends are disturbing. Over the last 40 years, the percentage of our Federal budget that has now gone to entitlement expenditures has doubled from about a third of Federal expenditures to two-thirds. Some projections are accurate. In the coming decades, fully 100 percent of Federal expenditures may be comprised of entitlements, leaving nothing left for things such as education, the environment, children's issues, health care, or national defense—literally nothing but entitlements, as important as they may be.

Clearly, this is a course that we cannot sustain forever. Likewise, I note that the percentage of Federal revenues raised through taxes funding entitlements has also doubled over the last 20 years, from 16 percent to fully one-third of Federal revenues now raised from payroll taxes. These taxes are regressive in nature and fall heavily and disproportionately on the middle class.

I believe in the importance of investment in education, science, research, and other important areas of our national budget, and it is because I believe in the importance of tax relief for the middle class that I believe very strongly we must embrace the cause of meaningful reform of entitlements in general, and particularly Social Security, if we are going to enable ourselves to meet these other important challenges as well.

This is something that should unite the right and the left. Those on the right should be concerned about a return to the days of debt and deficit spending and the corresponding slowdown in economic growth that would inevitably result. Those on the right should be concerned about an increasing percentage of our Federal budget basically being put on fiscal autopilot.

Those on the left should be concerned about shoring up and preserving not just temporarily, but in the long run, a fundamental part of our Social safety net, the Social Security system, a legacy of which we can rightfully be proud. And those on the left should also be concerned about maintaining the discretionary ability to invest in the other important things that will make our country a more prosperous and decent place in the years to come.

Despite this seeming ground for compromise between the left and right, too often a consensus evades us. It is difficult in a democracy to make hard choices. Yet our constituents have a right to expect no less from us. It takes wisdom and courage on the part of those proposing this reform, forbearance upon our political opponents' part, and ultimately wisdom and understanding on the part of the American people.

I wish to close my remarks by commending those who have risen to speak out in favor of the cause of meaningful entitlement reform. It is essential not only to preserving the benefits for those we claim to champion today; it is also important for proving the efficacy of our democratic institutions on the threshold of the 21st century. I thank my colleagues for their courage in taking up this issue. Senator KERREY's voice will be missed in the years to come. I hope to add mine in my own humble way, and ultimately we will achieve this objective. I thank Senator MOYNIHAN and yield the floor.

Mr. MOYNIHAN. Mr. President, the chairman has very generously agreed to allow the Senator from Nevada to speak for 5 minutes. That would perhaps run us over the 4 o'clock time set for the vote. I ask unanimous consent for an extra 2 minutes in that regard.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nevada is recognized.

Mr. BRYAN. Mr. President, I express my appreciation to a very distinguished and fair chairman and the ranking member for accommodating this Senator.

I rise in strong support of the Senior Citizens' Freedom to Work Act, bipartisan legislation to repeal the Social Security earnings limit.

For a number of years, I have joined with my colleague, Senator MCCAIN, in efforts to repeal this unfair penalty. In my judgment, this legislation is long overdue. The earnings limit has unfairly penalized Social Security recipients who have chosen to continue to work and discouraged others from remaining in the workforce and contributing to our country's economic growth.

It is confusing to beneficiaries and it is difficult to administer. It is time to repeal the earnings limit and thus allow Social Security recipients who continue to work to do so without a reduction in their benefits.

It becomes very clear that the time has come to revoke this unjustified

policy when we consider why it was imposed in the first instance. The Social Security earnings test was a Depression-era policy, originating nearly 70 years ago as a mechanism to cope with the high levels of unemployment. Our country now faces a very different dilemma—a tight labor market in many areas, including my own State of Nevada, which makes it difficult to recruit qualified employees.

It is simply illogical to prevent those who are willing and able to do so from joining the economy by working in areas that desperately need their talents. While many people choose to retire from their jobs at the traditional age of 65, or earlier, more and more workers want to continue working well into their late sixties and into their seventies.

One of the incentives, of course, for working beyond retirement age is the greater financial security that their additional income provides. However, for people between the ages of 65 and 70, the financial benefits of staying in the workforce are diminished by the unjustified earnings limit. Too many seniors, especially those with high medical bills, struggle on their very limited incomes. The last thing they need is a Government-imposed penalty.

Currently, for every \$3 a worker aged 65 to 70 earns above \$17,000, the worker's Social Security benefit check is reduced by \$1. That is quite a disincentive to working. At a time when we put great emphasis on all Americans joining the workforce, it makes little sense to discourage employment for a large, experienced, and valuable segment of our population.

It is also important to note that the repeal does not adversely affect the long-term financial health of the Social Security trust fund. Eventually, the Social Security Administration would actually save money because it would not have to administer the complicated earnings test.

This, then, is a win-win situation for all involved. Seniors can continue to work and earn income without their previously earned Social Security benefits being unfairly reduced while the Government is minimally affected.

Our colleagues in the House of Representatives have recently voted unanimously to pass this legislation. It is now our turn to do so, and I hope the Senate will act swiftly to enact this legislation to repeal this unfair penalty.

I yield the floor.

Mr. MOYNIHAN. I yield 30 seconds to the Senator from Nebraska.

Mr. KERREY. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KERREY. Mr. President, my amendment is merely a conforming amendment. If you support the underlying amendment, which changes So-

cial Security from a retirement program to a program that simply has a test of age as opposed to a status of work, I urge colleagues to make this change. It will make it a lot easier to do reform in the future. It has nothing to do with moving the eligibility age; that stays the same. The amendment substitutes the words "old age" and "age test" for the word "retirement." So they will no longer be required to retire in order to be eligible for this benefit.

The PRESIDING OFFICER (Mr. GORTON). The question is on agreeing to the Kerrey amendment.

Mr. ROTH. Mr. President, I would like to expedite the consideration of this amendment. But it is important that we move ahead with the legislation so that it can be referred expeditiously to the President. For that reason, I move to table the amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New Hampshire (Mr. GREGG) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 55, nays 44, as follows:

[Rollcall Vote No. 41 Leg.]

YEAS—55

Abraham	Enzi	Nickles
Allard	Fitzgerald	Roberts
Ashcroft	Frist	Roth
Bennett	Gorton	Santorum
Bingaman	Gramm	Sessions
Bond	Grams	Shelby
Brownback	Grassley	Smith (NH)
Bunning	Hatch	Smith (OR)
Burns	Helms	Snowe
Campbell	Hutchinson	Specter
Chafee, L.	Hutchison	Stevens
Cochran	Inhofe	Thomas
Collins	Jeffords	Thompson
Conrad	Kyl	Thurmond
Coverdell	Lott	Voinovich
Craig	Lugar	Warner
Crapo	Mack	Wellstone
DeWine	McConnell	
Domenici	Murkowski	

NAYS—44

Akaka	Feinstein	Lieberman
Baucus	Graham	Lincoln
Bayh	Hagel	McCain
Biden	Harkin	Mikulski
Boxer	Hollings	Moynihan
Breaux	Inouye	Murray
Bryan	Johnson	Reed
Byrd	Kennedy	Reid
Cleland	Kerrey	Robb
Daschle	Kerry	Rockefeller
Dodd	Kohl	Sarbanes
Dorgan	Landrieu	Schumer
Durbin	Lautenberg	Torricelli
Edwards	Leahy	Wyden
Feingold	Levin	

NOT VOTING—1

Gregg

The motion was agreed to.

Mr. COVERDELL. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, following my brief remarks and the remarks of Senators BAUCUS, BUNNING, and GRAHAM, in that order, I ask unanimous consent that all time be yielded back on the pending Social Security bill and there then be a period for the transaction of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COVERDELL. I encourage any Members who wish to speak on the Social Security issue to do so in morning business following the unanimous-consent agreement just propounded.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I join in the request of the Senator from Georgia. Other fair matters have arisen that require our chairman and ranking member to be, in effect, in a meeting. Therefore, we are leaving the floor open and encourage all who wish to speak to come and do so.

Mr. COVERDELL. I thank the Senator from New York.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, it is interesting that so much of our labor law dates back to the mid-1930s. H.R. 5 is a measure that deals with modernizing attitudes about work habits and workers and bringing them into the new century.

It was in 1935, during the Great Depression, that it was decided to discourage people who were 65 and older from working. That was done by saying: If you do work, we can't keep you from working, but for every \$3 you earn, we are going to take \$1 of it, or charge you a surtax of 33 percent. It was a very arduous and imposing tax on individuals on Social Security.

There are a number of major changes that have occurred in the workplace, but two I emphasize have become uniquely significant for this group of workers, age 65 to 69.

No. 1, the United States is effectively unable to fill its workplace. We deal with that issue on a daily basis. We need workers. We need people who are highly trained, who have developed an expertise, as senior workers have done. And we need them to stay in the workplace, if we are going to fill the American workplace.

The second issue that has created a very serious and significant change is that many of these workers must do so in order to keep up with the financial pressures of this time, with the increase in costs of medicine and other matters dealing with senior years.

It is inherently unfair to tax these earnings over \$17,000 and to punish people for entering the workplace when, indeed, we want them to enter the workplace; we want them to stay in the workplace. They are no longer keeping somebody else from getting a

job. We can walk down any street in America today and see: "Now hiring." "Now hiring." Company after company in our country cannot find sufficient workers.

We also don't have to spend much time in an audience anywhere in America that we do not hear a senior object to the fact that if he or she believes they must continue to work or want to work, they are so deeply penalized by Federal tax law. By repealing the earnings limit, we will be providing tax relief to about 1.2 million seniors in America between the ages of 65 and 69. It will amount to about \$23 billion—not a small number—over 10 years.

This is the right thing to do, and it is the right time to do it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I rise in support of H.R. 5, the Senior Citizen's Freedom to Work Act. I am a cosponsor of the Senate version of this bill, S. 2074.

The earnings test, to remind my colleagues, is a Depression-era holdover which reduces Social Security benefits for working retirees. When Social Security began 65 years ago, its creators hoped older workers would withdraw from the work force and make more room for younger workers. This was back in the 1930s, in the Depression.

So they reduced retiree's Social Security benefits according to a formula, which today causes the loss of \$1 in benefits for every \$3 earned over \$17,000 for those between the ages of 65 and 69.

While this might have made sense during the Great Depression, which at its peak saw one out of every four Americans without jobs, driving older workers out of the workforce simply does not reflect the needs of today's America. Americans today are retiring sooner, and the number of employed males over the age of 65 has fallen from 47 percent 50 years ago to less than 17 percent today. In addition, we all know the solvency of the Social Security Trust Funds is threatened because our society is aging. In 1950, there were 17 people in the workforce for every person drawing Social Security benefits. By 1999, this number had dropped to less than 4 people working for every one person drawing benefits. And under the intermediate projections of the Social Security trustees, this number will drop even further, to less than 2 people working for every one beneficiary by 2075.

In today's era of low unemployment, it simply makes no sense to penalize retirees who want to continue working. And as we look at the continued graying of our society throughout the 21st century, it will become even more critical to eliminate disincentives to work for this growing segment of our population.

Working seniors are a vital employee pool for America's businesses. We need the experience they bring from a lifetime of learning to help train our

younger workers. And many seniors need the income that comes from these jobs to help make ends meet. The earnings test especially hurts senior citizens who face heavy medical bills or other expenses in caring for a spouse or other family members. Yet over 630,000 seniors today are receiving reduced Social Security benefits simply because they want or need to work. And there is no way to know how many more only work part of the year because they don't want to earn more than the \$17,000 limit.

We should recognize that enacting this legislation is not without its tradeoffs. Those who have their benefits reduced because of the earnings test today receive higher lifetime benefits after they turn 70. For some retirees, this tradeoff could cost them in the long run. But for seniors who are having trouble making ends meet today, the promise of higher benefits after they turn 70 seems hollow indeed.

So I am glad that we are finally at least taking this first step toward restructuring the Social Security system to face the realities of our workforce in the 21st century. I am also glad, that even in this highly charged political climate, Democrats and Republicans can still find some issues that we can agree on.

I hope we can continue to look for more issues like this as the session continues. Putting aside our political differences for the good of the American people, after all, is what the public wants.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. BUNNING. Mr. President, I rise in strong support of H.R. 5, the Senior Citizens Freedom to Work Act, and the repeal of the Social Security earnings limit.

This is a day that many of us have worked toward for a long time, and the sooner we can pass this bill and send it in to the President, the better. Our seniors deserve it.

I think by now we all know how the earnings limit works. It penalizes seniors between 65 and 70 who receive Social Security benefits but also continue working. For every \$3 they earn over the earnings limit, they lose \$1 in benefits. Under current law, in 2000 the limit is \$17,000. It rises to \$25,000 next year, \$30,000 in 2002, and with inflation after that.

The earnings limit is a Depression era relic whose time has come and long gone. It first became law back in the 1930's when Social Security was started, and was passed by Congress as a way to encourage seniors to retire so that their jobs could be taken by younger, unemployed workers.

At a time when our economy was fighting for its life, and unemployment was close to 25 percent, an earnings limit might have seemed like a good idea. Now when unemployment is threatening to dip below 4 percent and many of our nation's employers are

clamoring for more workers, it's clear that the earnings limit has outlived whatever usefulness it once might have had.

From time to time over the years, Congress has looked at changing the earnings limit. In fact, several times we did tweak it here and there by raising the income level. But, like a vampire, the earning limit has been hard to kill altogether—it continued to threaten seniors and their livelihoods.

Now we have the opportunity to get rid of the earnings limit altogether. I say that it's time to drive a stake through the heart of the earnings limit once and for all.

Mr. President, I was privileged to serve in the other body as the chairman of the Social Security Subcommittee for 4 years, and before that as the Ranking Member for 4 years. It was my bill that we passed in the 104th Congress that lifted the earnings limit to its current level of \$30,000 from what was then \$11,250.

If we could have repealed it altogether, we would have. But the budget landscape was different back then. We were still looking at huge deficits, and we were using Social Security surpluses to finance general government programs.

Now things are different. We have budget surpluses across the board, and we can focus on doing the right thing for seniors irrespective of other spending and tax needs. Our economic prosperity has handed us a golden opportunity to repeal the earnings limit. Times have changed for the better.

I know there are others in Senate who have worked on this issue for years. But, for my colleagues who have not lived with legislation to repeal the earnings limit as long as some of us, let me just briefly describe for them what it has been like over the past 14 years for those of us who have been trying to pass legislation.

In 1987, those of us who had just been elected to the House for the 100th Congress adopted as a project the repeal of the earnings limit. And at least 11 bills were introduced in Congress to lift or repeal the limit altogether, and we worked the issue hard. But, nothing happened. It was like banging your head against a wall.

Then during the 101st Congress, then-Congressman Denny Hastert, and another 100th congressional class member, introduced a bill to repeal the limit and got 267 cosponsors in the House. Again, nothing happened.

In the 102d Congress, we managed to get 278 supporters in the House to support our bill to lift the earnings limit. We talked up the issue constantly. Still, nothing.

So we kept plugging along, and once again in the 103d Congress, we introduced a bill and signed up over a majority of the House—225 Members—on our legislation. But, guess what? Nothing happened.

Then something did happen. In 1994, Republicans took control of Congress.

And in 1995, as part of the Contract with America, we passed legislation to lift the earnings limit to its current annual level of \$30,000. This was one of the most popular bills we passed that year, and I was proud to be the lead sponsor.

But, we still weren't finished because this proposal was part of larger legislation that was vetoed by President Clinton as part of his government shutdown strategy. He said he liked the earnings limit repeal, but he vetoed the bill anyway.

So we were back at Square One. But, we took the President at his word that he liked the earnings limit repeal, so after the veto we quickly passed a stand-alone bill in the House to increase the earnings limit in late 1995. The next March, we included it in must-pass legislation to lift the Federal Government's debt ceiling, and it was signed into law.

In all, it took almost 10 years to raise the earnings limit, so I hope my colleagues keep this in mind now that we have a chance to act quickly to get rid of the limit altogether.

Mr. President, people are living longer and longer. And many of them want to work after they turn 65. They want to work longer, and they can do more. Why on earth should we penalize them—by taking benefits they have already paid for—for doing that? It just doesn't make sense to pay them with one hand, and to rob them with the other.

The average life expectancy for women in America is almost 80 now. For men, it's getting close to 75. That's a big increase from must a few decades ago when we passed Social Security and the earnings limit.

Now, many seniors want, and need, to work for income after they officially retire. Social Security and pensions sometimes aren't enough, and if seniors want to feather their nests with a salary, more power to them.

I urge my colleagues to vote for this bill. Not only will seniors thank us, we can take heart in knowing that the Congressional Budget Office tells us that we will even save \$700 million in Social Security administrative costs by repealing the earnings limit. There are 800 employees at SSA who help administer the earnings limit. After this bill becomes law, they will be freed to perform other tasks for the Social Security Administration.

We have the opportunity to do away with the earnings limit altogether, and I say "the sooner the better." I can't think of one good reason not to pass this bill immediately, and get it down to the White House as soon as possible. It's good policy, it's good politics and it's the right thing to do for our seniors and our country.

Mr. KENNEDY. Mr. President, today, the Senate is making an important reform in Social Security which will benefit hundreds of thousands of senior citizens each year. Because of the action we are taking today, those be-

tween the ages of 65 and 69 who continue to work will no longer have a portion of their Social Security benefits withheld. The "earnings test" in current law reduces the Social Security benefits of those in the 65 to 69 age group by \$1 for every \$3 they earn annually over \$17,000. It affects nearly eight hundred thousand men and women each year. It unfairly denies them a portion of the Social Security benefits which they have earned by a lifetime of hard work. Once this bill is signed into law, these seniors will receive the full benefits to which they are entitled whether or not they choose to remain in the workforce after age 65. President Clinton has urged Congress to repeal the earnings limit, and he will sign the bill as soon as it reaches his desk. Repeal of the earnings limit is the right thing for us to do, and now is the time for us to do it.

The concept of an earnings limit goes back to the Depression era when Social Security was first enacted. At that time, unemployment was high and it was hoped that the creation of Social Security would encourage older workers to retire and create openings for younger men and women who desperately needed jobs. The employment picture today is dramatically different. We face a shortage of skilled workers and our economy can benefit from the continued participation of older workers in the workforce. Their experience and sound judgment is a national resource. Men and women in their late sixties are healthier than in generations past and the majority of jobs no longer involve physical exertion. Those who choose to work beyond age 65 should not have financial barriers erected in their paths. The earnings limit in current law is such a barrier and it should be removed without further delay.

The most important aspect of repealing the earnings limit is that it will increase the freedom of senior citizens to work or retire as they choose. When to retire is an intensely personal decision—influenced by the individual's health, the financial needs of their family, their career interests, and the nature of the work that is available to them. The rules of Social Security should not restrict a senior's range of choice. Those who decide to continue working after age 65 and those who decide to retire should be treated equitably. Both groups should be eligible to receive the full Social Security benefits they have earned.

In 1996, I was pleased to join with my Senate colleagues in voting to raise the earnings limit gradually over the succeeding five years. Because of that amendment, the financial burden on thousands of senior citizens has already been reduced. With enactment of this legislation, which I wholeheartedly support, the burden of the earnings limit will be completely eliminated, so that all seniors receive full Social Security benefits, whether or not they remain in the workforce after age 65. They have earned it.

Several of my colleagues have used this legislation as an opportunity to voice their perspective on the future of Social Security, and they have painted a bleak picture. I strongly disagree with their characterizations.

Social Security is fundamentally sound. It has sufficient resources to fully fund current benefits for 35 years. Due to the gradual aging of the American population, Social Security will begin to experience a revenue shortfall after 2035. However, if we plan for the future by addressing this problem in the near term, that revenue shortfall can be eliminated with relatively minor adjustments to the system. The benefit expectations of future recipients can be preserved, and the solvency of Social Security insured for future generations.

We need to preserve the program as an inflation adjusted guaranteed benefit for those who depend on it to pay for the basic necessities of life. For two-thirds of America's senior citizens, Social Security retirement benefits provide more than half their annual income. For 42 percent of them, it constitutes more than three-quarters of their income. Social Security enables millions of elderly to spend their retirement years in security and dignity. Without Social Security, half the nation's elderly would be living in poverty. Converting a portion of Social Security into private investment accounts, as some have suggested, would be much too risky for elderly men and women who have no other source of financial security.

The major proposals which would direct a portion of each worker's payroll taxes into private accounts would all reduce the level of guaranteed Social Security benefits substantially. Whether or not a retiree made up those lost dollars would depend on factors largely beyond his or her control. Workers who reach retirement age during an economic downturn cannot simply delay their retirement indefinitely until the market goes up. Private accounts, subject to the ups and downs of the stock market, are fine as a supplement to Social Security. But, they are no substitute for Social Security.

President Clinton's budget proposal would use the debt service savings which will result from paying down the national debt over the next fifteen years to extend the life of the Social Security Trust Fund. Since the current Social Security surplus is being used to pay down the debt, it is appropriate for the Social Security Trust Fund to receive the resulting savings. More than half of the projected shortfall in the Trust Fund over the next 75 years could be eliminated by adopting this policy. If we dedicated all of the savings in debt service costs to the Social Security Trust Fund, the solvency of the system would be extended to beyond 2050, fully providing for the retirement of the baby boom generation.

We need to address the long term financial problems of Social Security in

a way which keeps faith with the historic mission of the program—to provide senior citizens with a guaranteed, inflation adjusted benefit which will enable them to live in security and dignity.

I urge all my colleagues to support the Senior Citizens Freedom to Work Act. Repeal of the earnings limit will enable those who remain in the workforce beyond age 65 to receive the full Social Security benefits they have earned. It will greatly help these working seniors and it will strengthen our overall economy. It is the right thing to do.

Mr. JEFFORDS. Mr. President, I rise today to support elimination of the Social Security earnings test for individuals who have attained Social Security retirement age—currently age 65. Currently, if these retirees work, their Social Security benefits are reduced \$1 for every \$3 of earnings above \$17,000 per year. This is an unfair result for many older Americans who are receiving Social Security benefits after a lifetime of work but who must continue to work to supplement their retirement income. In my own state of Vermont, many people work beyond age 65. They should not have to give up a portion of their hard-earned Social Security benefit because they need to take a job.

The earnings test can also be a problem for employers. Older workers are often in demand by employers because of their expertise and an overall tight labor market. The reduction in Social Security benefits can be a barrier to older workers reentering the workforce.

The earnings test presents a special problem for small business owners receiving Social Security benefits. Small business owners are subject to both the dollar earnings test and a self-employment test that can involve an extensive audit to establish their level of earnings. Eliminating the earnings test will also eliminate the need for these audits. And removing the incentive for older small business owners to retire could mean continued employment opportunities in their businesses for other older workers.

There has been an earnings test for Social Security benefits since the Social Security Act was passed in 1935, during the Great Depression. The earnings test originally was a way to encourage older workers to retire, to free up jobs for younger workers.

The earnings test has always been unpopular, especially with those age 65 and older. In response, Congress has changed the earnings test provisions several times over the years—increasing the amount a benefit recipient can earn without a benefit reduction. The earnings limit for those age 65 and older currently is \$17,000 and rises to \$25,000 in 2001 and to \$30,000 beginning in 2002. It provides a higher earnings limit and smaller reduction for older benefit recipients—\$1 for each \$3 of annual earnings over \$17,000 for those age

65-69, compared to \$1 for each \$2 of earnings over \$10,080 for those age 62-64—and lowering the age at which an individual can work without suffering a benefit reduction to age 70 from age 72. It is time now to further lower that age to the Social Security retirement age, so that once a worker reaches that age—currently 65—the worker's Social Security benefit will not be reduced, no matter how much the worker earns.

We have before us legislation to eliminate the earnings test for individuals at Social Security retirement age. I have cosponsored Senator ASHCROFT's bill, S. 2074, and we have the House-passed bill, H.R. 5. These bills would free the approximately 800,000 Social Security benefit recipients currently ages 65 through 69 from the current law that reduces, and in some cases eliminates, their Social Security benefits if they work and earn above the earnings test. I urge my colleagues to act quickly to make this legislative change for older working Americans.

Mr. ASHCROFT. Mr. President, this morning I spoke in morning business on the repeal of the Social Security Earnings Limit, an onerous tax burden on seniors who want to continue working. This afternoon, while we are discussing the bill, I would like to re-emphasize my support for repealing this unfair test.

Earnings test is a misguided and outdated relic of the Great Depression—when jobs were scarce, unemployment high, and people did not live as long and healthy lives as they do today.

By limiting the amount a person 65-69 can earn, it provides a disincentive for seniors to work. For every dollar a senior aged 65-69 earns over \$17,000, the government reduces benefits by \$1 for each \$3 of earnings.

This test penalizes 1.2 million working seniors nationwide, and 17,523 working seniors in Missouri suffer. The actual number of seniors affected is far greater, though, as millions of seniors choose not to work, or limit their earnings because of the penalty.

The effect of this test is to keep seniors out of the workforce, and it has serious consequences. More workers create more jobs, not fewer jobs. With our current unemployment rate of 4 percent—we need skilled and experienced workers.

Unfortunately, the earnings limit keeps too many qualified, experienced seniors out of the workforce. Seniors have the skills, integrity, work ethic, and experience that make them highly valuable members of the workforce. Their continuing contributions are crucial. The only limit to what they have to offer is the earnings limit.

Recently, I spent some time with constituents in Missouri, and found many seniors in my home State of Missouri are harmed by the earnings test. Beverly Paxton from Belton, who works with "Green Thumb" to find jobs for seniors, told me that hundreds of seniors would be eager to work without the earnings test. Furthermore,

some don't try to work for fear that the Social Security Administration might take their benefits away. Seniors don't want to visit a CPA to find out if they will lose benefits.

In addition, many more seniors limit their hours to avoid the test. A manufacturer in Belton told me that some seniors work until they reach eligibility, then tell the employer: "I won't be here next week, I'll see you next January." This leaves employers in the lurch, having to absorb training costs or heavy overtime costs. These decisions based on the earnings test impose productivity costs on the economy.

Even when seniors work around the test, they suffer unexpected costs. C.D. Clark, from Florissant, Missouri, and who has since moved to Kentucky, had earned \$25,000 before trying to limit earnings to protect himself from the test. This year, he planned to only work 8 months so that his Social Security benefits would not be cut.

The Social Security Administration, however, assumed he would earn the same amount, and withheld his Social Security checks from January through March of this year. When Mr. Clark complained to the SSA that he had not yet earned \$17,000, he was told, "We like to get our money up front."

I recently received a letter from Lois Murphy of St. Louis, who is 65, and works part time as an RN in the operating room at St. John's Mercy Medical Center. The hospital suffers from a labor shortage, and needs help from women like Mrs. Murphy, who are experienced and willing to work. But she limits her hours because of the earnings limit, taking a skilled, experienced—and needed—worker out of the hospital.

In her letter, Mrs. Murphy wrote: "The \$17,000 limit a person could earn plus the small Social Security check is not enough to live comfortably and enjoy your senior years." Mrs. Murphy neatly summarized this issue in one simple sentence: "I think if a senior citizen at age 65 is willing to work, they should be able to earn a lot more or not have a limit." I believe that Mrs. Murphy is right. Seniors should have the freedom to earn if they choose. But the problem is that they don't have that choice. We must send the earnings test into retirement.

I have been working on this since I came to the Senate. In 1995, I voted to substantially increase the limit. In 1997, I called for the elimination of the test and cosponsored legislation that would get rid of it. This year, I have introduced legislation that would eliminate the test. My bipartisan legislation has 43 cosponsors, including the entire majority leadership.

Organizations that support me on this include: Green Thumb, 60+, the Seniors Coalition, National Association of Home Builders, National Taxpayers Union, the U.S. Air Force Sergeants Association, CapitolWatch, Americans for Tax Reform, the U.S. Chamber of Commerce, the National

Tax Limitation Committee, and the United Seniors Association.

It is time to eliminate this counterproductive and unfair penalty. The House has already acted. The President is prepared to sign this. Thanks to the hard work of Chairman ROTH, who is managing this bill, the Senate is now ready to pass the earnings test repeal as well. I urge my colleagues to join us in support of this measure, and grant seniors the opportunity to earn freely in their golden years.

Mrs. FEINSTEIN. Mr. President, I rise today in support of the Social Security Earnings Test Elimination Act of 2000, which I have cosponsored.

The earnings limit is the amount of money a Social Security recipient can earn without having a portion of his or her benefits deferred. Currently, that limit is \$17,000 per year for retirees between the ages of 65 and 69. For every \$3 in earnings above that limit, these seniors have \$1 in benefits deferred.

I believe that this is grossly unfair. Last year, my colleague from Iowa, Senator GRASSLEY, and I proposed lifting the Social Security earnings test on retirees between the ages of 65 and 69. We did not propose outright elimination because we did not think, at that time, that the surplus would be large enough to sustain elimination. Now, a year later—and thanks to our continued economic boom—I believe it is possible to eliminate the earnings test outright, and still adhere to a responsible and fiscally sound budget.

Over 1 million seniors nationwide face this earnings test. My own state, California, has more seniors affected by the earnings test than any other state: 161,000, according to the Bureau of the Census.

For these 161,000 Californians—and hundreds of thousands of others all across this country—this legislation represents an important step in removing the unfair burden that the earnings test places on them simply because they wish to continue working. As President Clinton said in his February 29 letter to House leaders:

We should reward every American who wants to and can stay active and productive.

For example, a letter I received from the American Health Care Association holds:

The nursing facilities we represent make a concerted effort to employ senior citizens to care for their peers. They're reliable and honest workers, who have compassion for those in their care. We have had difficulty hiring or retaining these employees because of the threat of losing Social Security benefits after their annual earnings have passed \$17,000.

Elimination of the earnings test is important not just to those retirees who want to continue to work, but to those who need to continue to work and who are currently faced with an Hobson's choice: Continue to work and have Social Security benefits reduced, or stop working and rely only on Social Security for retirement security. For all too many of these retirees—over

half of those helped by this legislation have incomes under \$45,000 per year, including Social Security—both of these choices leave them financially squeezed. For women, who are twice as likely as men to retire in poverty, this is an especially important issue.

This legislation offers a third choice: Continue to work and continue to receive those Social Security benefits.

Moreover, I believe that elimination of the Social Security earnings test is warranted because the original logic of the earnings test no longer holds. Congress imposed the earnings test to provide a "disincentive" to older workers to continue to work, so as to make room for younger workers during the Great Depression. In our new, twenty-first century economy, unemployment is at historic lows and firms are nearly desperate for workers.

I do not believe that passage of this legislation will address many long-term problems regarding the solvency of the Social Security system. We have much work remaining on that score. But for the hundreds of thousands of seniors who either need or want to continue to work past age 65, this legislation represents an important step in creating a fairer and more secure retirement. I urge my colleagues to support passage of the Social Security Earnings Test Elimination Act of 2000.

Mr. SMITH of New Hampshire. Mr. President, as a cosponsor of this important legislation, I believe the time has come for us to put an end to the Social Security earnings test.

Our seniors have worked hard to build a life for their families and have given up a great deal to provide a future for all of us. They have made sacrifices far beyond what has been required of most of us.

And yet, many in Washington and in the White House have sought to reward seniors by snatching more and more of their hard-earned dollars.

Unfortunately, staying in the work force is often not a choice, but a necessity. Many seniors are forced to work either for survival or because they must supplement their meager monthly Social Security check.

Seniors should not be punished for simply trying to make it to the end of the month.

This bill represents the first step in reversing many of the punitive taxes we have levied on both seniors and working families across America.

I ask my colleagues to vote in favor of this monumental legislation.

Every year, about 800,000 seniors suffer the affects of the Social Security earnings test—many of whom can barely afford the month's rent or proper meals.

Under the current law, recipients of Social Security between the ages of 65 and 69 can only earn up to \$17,000 without penalty.

However, any income in excess of \$17,000 would have the Federal Government taking \$1 for every \$3 they earn.

This means that the Federal Government is imposing a marginal tax rate

of 33 percent on the poorest segment of our society. But it does not stop there.

Andrew Quinlan, executive director of Capital Watch correctly states:

To further add insult to injury, workers must also pay a host of taxes on the original dollar, which may raise their marginal income tax rate to greater than that of sports stars and Wall Street high rollers.

Sandra Butler, president of United Seniors Association echoes that thought:

The punitive nature of the Earnings Limit is obvious; By itself, the Earnings Limit imposes a 33 percent marginal tax rate on seniors.

Ms. Butler continues;

In combination with federal income and payroll taxes, the Earnings Limit forces seniors to pay higher marginal tax rates than millionaires. This is unconscionable.

I must agree. Some seniors could be looking at a marginal tax rate of 59 percent. This tax is unconscionable. But as Machiavellian as that may sound, it gets worse for seniors who are forced or choose to retire early.

Seniors who retire between the ages of 62-65 have \$1 for every \$2 they earn in excess of \$10,080 confiscated from their check. Translation: Uncle Sam is taking half of every dollar earned from those who can least afford it.

Established during the depression of the 1930's, the earnings test was meant to discourage older workers from re-entering the labor force and taking jobs from younger workers.

However, with the extremely tight labor pool available to employers today, it makes sense to access the experienced, productive, and valuable work force seniors represent.

Gerald Howard, senior vice president with the National Association of Home Builders agrees.

He says:

Because the skills of decades ago are no longer taught in current education and training programs, home builders recognize the special need to keep and utilize the unique talents of retirees.

For our nation's home builders, retaining skilled retirees is important in meeting our workforce needs.

According to the Department of Labor, 240,000 new workers must be recruited and trained each year to meet the Nation's growing demands in the building industry alone. However, these requirements are not being met.

And it is not limited to the building industry. All sectors are feeling the pinch.

Dr. Charles Roadman, president and CEO of American Health Care Association has urged the President and the Vice President to "take bold action to ease the shortage of skilled nursing professionals that has reached epidemic levels" by supporting the Congress in their effort to eliminate the earning penalty.

If we wish to continue growing the economy, we must free up those with the experience and know-how to meet countries employment needs—our seniors.

Unfortunately, the Social Security earnings test serves as a disincentive

for those who may wish to work. This disincentive effect is magnified when viewed on an after-tax basis.

Senior citizens who work stand to lose a substantial percentage of their Social Security benefits due to the Social Security earnings test.

In addition to the earning test tax, they must also continue to pay Social Security taxes, and, most likely, other Federal and State income taxes as well.

The Social Security earnings test forces senior citizens to avoid work, seek lower paying work, or get wages "under the table," turning honest folks who are just trying to get by into common criminals.

The Social Security earnings test is unfair and inappropriate. It imposes a form of "means test" on retirement benefits.

Social Security benefits have been earned by a lifetime of contributions to the program. American workers have been led to regard Social Security as a government-run savings plan.

Indeed, their acceptance of the near 15-percent Social Security payroll tax has been predicated on the belief that they will get their money back at retirement.

Thus, most Americans do not accept the rationale that the return of their money should be decreased just because they continue to work.

Additionally, the Social Security earnings test discriminates against senior citizens who must work in order to supplement their benefits.

Clearly, the Social Security earnings test is inequitable to our Nation's senior citizens who are in the greatest need of extra income.

In addition to being complicated and difficult for folks to understand, the Social Security earnings test is complex and costly for the Government to administer.

For example, the test is responsible for more than one-half of retirement and survivor program overpayments.

Elimination of the earnings test would help minimize administration expenses, and recipients would be less confused and less tempted to cheat on reporting their earnings.

Finally, repealing the Social Security earnings test would greatly aid our country's economy. Our senior would be likely to work more and the American economy would benefit from their experience and skills.

The combined increase in the amounts that they would pay in Social Security and other taxes, as well as the additional contribution to our gross domestic product, would largely offset the increase in benefit payments.

For decades, our senior citizens have worked and dutifully. They have paid their share into the Social Security retirement account and it is only fair that they receive their Social Security benefits in full when they retire.

I ask my colleagues to join me in passing this legislation.

Mr. CRAPO. Mr. President, I rise today in support of H.R. 5, the Senior

Citizens' Freedom to Work Act. This bill, which unanimously passed the House of Representatives on March 1, would end the practice of withholding a portion of Social Security benefits simply because a beneficiary chooses to work beyond the statutory retirement age.

The Social Security earnings test has always been one of the most illogical aspects of the Social Security system. Under current law, a beneficiary between the ages of 65 and 69 may only earn up to \$17,000 without losing benefits. After that amount, \$1 of Social Security benefit is lost for every \$3 of earnings.

Throughout my tenure in Congress, I have supported efforts to minimize the effect of the earnings test. For example, in 1998, I supported the Taxpayer Relief Act which would have raised the level of exempt income to \$39,750 in 2008. Unfortunately, the 105th Congress adjourned before the Senate could consider this legislation. While raising the earnings limit would have been a step in the right direction, a total elimination of the earning test is clearly the right thing to do.

The Social Security Administration estimates that 800,000 beneficiaries are affected by the earnings test. People spend a lifetime putting that money into their Social Security accounts and they ought to have full access to it without limiting their other opportunities for making an income. The present system is holding them down, it is holding the economy down, and it should be changed. It is wrong to withhold any portion of a benefit that was duly earned by years of work and contributions to the system. Social Security was not meant as a single source of retirement income. Why then does the government penalize those seniors who choose to earn additional income through work? This is especially confusing in a time of low unemployment when companies are desperately looking for skilled and experienced employees. Government should encourage self-sufficiency, not penalize it.

I am pleased that H.R. 5 will be brought to a vote shortly. I am a co-sponsor of a similar bill introduced by Senator ASHCROFT. These bills would completely eliminate the earnings test for Social Security recipients who have reached retirement age, allowing them to earn outside income without a reduction in benefits. What we have now is a disincentive for people to work who want to continue to contribute to our growing economy. Any meaningful reform of Social Security should preserve the system and allow those who want to work to continue to do so. This measure is the right thing to do and is long overdue.

I congratulate the House of Representatives on its unanimous passage of this bill and am encouraged that President Clinton has voiced his support for the bill. I would also like to thank Senator ASHCROFT for his leadership on this issue. I urge my colleagues

to join me in passing this bill and restoring a measure of fairness for senior citizens.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Thank you, Mr. President.

Mr. President, in 1991, I spent one of my monthly workdays at a Winn-Dixie grocery store in Santa Rosa County, FL. I worked as a bagger standing at the end of the checkout line putting the groceries of the customers of that store into a paper or plastic bag they had selected and then taking it out to their car.

The man I worked with throughout that day was Jim Young. Jim has a history that is typical of many retired Americans. He had worked both in a military and a civilian capacity. He had looked forward to his retirement time in a place of paradise and came to a place where he thought he could find paradise. Unfortunately, Jim had a few difficulties that had the effect of necessitating he seek employment in order to supplement his retirement income. It was then that he encountered the restrictions on earnings after retirement and the impact that this was about to have on his Social Security. Jim, therefore, had to go through an elaborate process of adjusting his work schedule so as to minimize the adverse effect of the earnings limit on his total income and to be able to fashion his way through what he found to be an inexplicable restriction on his capacity to work, make a contribution, and supplement his income.

It was that experience with Jim as much as anything that caused me to be interested in the issues before us today. I am pleased to have played a role in the 1996 action which was described by our colleague from Kentucky, which substantially raised the cap on earnings to its current \$17,000 and gave significant relief to people such as Jim Young.

Today, we are finishing the job. With the passage of this legislation, we will eliminate any earnings restraint on Social Security retirement income. We will no longer be shackled by a 1930s concept that we have to discourage older workers from continuing their productive lives in order to open up positions for younger workers. If there ever was a time in our Nation's history where that concept has been rendered an anachronism, it is at the beginning of the 21st century. We need the productive talent of Americans such as Jim Young. We need to encourage people to think they will be able to extend their period of working and contributing to our Nation's economy as long as it is in their interest to do so, and not by applying arbitrary restraints to their earnings in the form of a penalty against their Social Security income.

I will be very pleased tomorrow when we vote on what I anticipate will be an overwhelming majority in favor of eliminating this 1930s dinosaur which still occupies too big a space in the living room of Social Security.

I wish to use this opportunity to talk about another dinosaur that is occupying too much space. That is the dinosaur of an excessive focus on Social Security as we think about the retirement lives of older Americans. In fact, Social Security is becoming a declining portion of the total revenue of retired Americans, and will continue to decline as a portion of their income for the foreseeable future.

Retirement in America is today based on a three-legged stool. Those three legs are employer-sponsored retirement plans, individual savings, and Social Security.

I believe, rather than talking about the issue of Social Security reform, what we should be talking about is the issue of retirement security reform so we can focus on all of the relevant components of the retirement package upon which most Americans rely. We need to add a fourth component to this discussion; that is, a much more intense effort at encouraging Americans to plan for their retirement.

It has been said—and not only in jest—that most Americans spend more time planning a 2-week summer vacation than they do the 15, or 25, or more years they will live in retirement. That may have been a practice that was acceptable when retirement was not as complex as it is today, when retirement did not involve as much self-responsibility as it does today, when retirement did not include as many facets, from long-term care to providing for your physical health and well-being.

I believe these four components—employer-sponsored retirement plan reform, encouragement of individual savings, strengthening Social Security, and the promotion of preretirement planning—are the basis of an American national effort at enhanced retirement security. The goal of that enhanced retirement security should be to place all Americans in a position to be able to, with reasonable assurance, anticipate that they will have in retirement a significant percentage of their preretirement income. Many have suggested that the appropriate goal would be 75 percent of preretirement income as the reasonable attainable goal of America.

What do we need to do in order to reach a 75-percent goal? Soon I will be introducing legislation that will encompass the subjects of employer-sponsored retirement plans, individual savings, strengthening Social Security, and the promotion of preretirement plans.

This afternoon, in the context of the elimination of one old attitude from our Social Security system; that is, the necessity to cap the earnings of retirees, I will lay out a few comments about the elimination of another old attitude, that the only thing we need to focus on is Social Security reform. We need to focus on employer-sponsored retirement plans, particularly as they relate to small businesses.

In my State, in the last 5-plus years, we have added well over 1 million new

jobs. Most of those new jobs have come from businesses that employ less than 25 people. In fact, over 70 percent of the new jobs in America are from small businesses with less than 25 employees. It is exactly those small businesses that are the least likely to have an employer-sponsored retirement plan.

I believe—and so does Senator GRASSLEY of Iowa, with whom I have worked closely on these matters—that the principal focus of our attention needs to be to encourage small businesses to provide pension benefits for their employees. We introduced legislation to this end. That legislation, styled as S. 741, contains the following components:

It expands coverage by providing incentives for small businesses to begin offering pension coverage.

As an example, it will assist small businesses in paying some of the start-up costs in the establishment of a pension plan. It increases portability, making it easier for employees to move retirement money from one plan to another as they change jobs. We know today the average American will work at seven jobs during the course of their working lifetime. They need to be able to carry their pension benefits from one job to the next.

S. 749 strengthens pension security and enforcement. It reduces red tape associated with pension plans and has its own encouragement for retirement education.

The second thing we need to do is to assist Americans with their retirement savings. Again, the focus is on Americans who work for smaller businesses where most of the new jobs are being created, and Americans who have not had a tradition of saving as part of their retirement security.

The President has proposed a program in which the Federal Government provides matching contributions for lower and moderate-income families who save for retirement. The structure of this utilizes existing savings vehicles such as IRAs, or individual retirement accounts, and 401(k)s. Rather than creating new government-run accounts, we utilize the structure in which many Americans already have started the process of saving for retirement.

There would be economic incentives provided to lower income families to encourage their employers to offer these plans. Employers are finding in this very tight job market that they need to provide incentives to retain their current workforce and attract new workers. It is hoped by encouraging more employers to provide retirement savings accounts such as IRAs and 401(k)s that it will make it more attractive for persons to work for those employers.

We are suggesting there should be some modifications of the current IRAs and 401(k)s, particularly in two areas. One, we propose to restrict the ability to withdraw funds from the 401(k)s or IRAs. There are many important, legitimate, credible reasons why a person

would want to withdraw money from their retirement accounts—to buy a new home, finance education, or deal with an unexpected health emergency. However, if too many of those allowances for withdrawal are legalized we could end up with many Americans having a hollowed-out retirement account. They have a retirement account in substance, but the resources have been withdrawn for purposes earlier in their lifetime. We want to give the maximum assurance that if the Federal Government is going to be supplementing retirement accounts, the funds will end up financing retirement.

We also propose to restrict the investment options in order to maximize the fund safety. Retirement accounts are not intended to be casinos. They are accounts with substantial emphasis on security and predictability so that people will have a sense of confidence in their retirement years.

The third element is Social Security, its solvency and safety. In my opinion, Social Security should be thought of as the safety net underneath individual savings and employer-based pension systems. It is the ultimate and final source of retirement security. For that reason, I believe Social Security should continue to be what it has been since its inception—a defined benefit plan. That is a plan in which Americans will have a high degree of confidence as to what that check will be every month from Social Security. Social Security is not the place to be encouraging excessive speculation. There are other opportunities where people can engage in speculation if they wish to use their retirement as a means of attempting to expand their net worth. I do not believe Social Security is the place to do so. Social Security provides 67 percent of America's single-person households with one-half or more of their income; Social Security provides 44 percent of the multiperson households with one-half or more of their income.

However, Social Security is facing serious challenges. We are all familiar with the demographics. Over the next 20 or 30 years, the number of persons drawing Social Security will approximately double from its current 40 million. The 1999 Social Security trustees report stated that the Social Security program lacks the resources necessary to meet its contractual obligations over the next three generations. Using the trustees' immediate forecast, Social Security revenue will fall short of the amount needed to fund existing committed benefits by as much as 15 percent.

I believe there are a number of reforms we need to make in the Social Security system in order to strengthen it and to assure that the contract which exists between the Government of the United States of America and the citizens of the United States of America can and will be honored. One proposal which has been made by the President which I strongly support is

the concept that we ought to allocate a portion of the non-Social Security surplus to help meet this pending shortfall in the Social Security trust fund.

What is the justification for using non-Social Security surplus to strengthen Social Security? Almost every Member of Congress has now accepted enthusiastically the principle that all of the Social Security surplus should be used to pay down the national debt as a means of strengthening our ability to meet our Social Security obligations. I certainly join those strong supporters of that fiscally prudent practice and principle. It is estimated we will have approximately \$2 trillion of Social Security surplus over the next 15 to 20 years. If we maintain our discipline and use those funds to pay down that portion of the national debt which is held by the public, when fully reduced we will find an annual interest savings—assuming interest rates are approximately what they are today—of about \$120 billion a year that we will not have to pay in interest because we have used that Social Security surplus to pay down the debt currently held by the public.

I believe all or a substantial portion of that \$120 billion of interest savings ought to go into the Social Security trust fund. It was the Social Security trust fund and its surpluses, the additional amount paid by working American men and women, which made it possible to use the Social Security to pay down the national debt. Why isn't it justified, why isn't it both legally and morally appropriate, to then have a portion of those interest savings—I personally advocate all of those interest savings—to then be used to strengthen the very Social Security system which has made that debt reduction possible?

The fourth component of a national program of retirement security is to promote greater preretirement planning. There is going to be much greater individual responsibility for preparation for retirement for this and future generations of Americans. They need to be encouraged and given the means by which to make intelligent decisions, intelligent decisions occurring almost immediately as they enter the workforce so they will be as well prepared as possible for their retirement years. These decisions are going to be complex. They will require changes in attitude, in lifestyle. They will particularly require a greater focus on savings rather than consumption.

I believe, for instance, we should consider using the Social Security notices, which are now going to be provided on an annual basis to all future Social Security recipients, as a window so Americans can see the kind of information they will need to make good choices on a whole array of issues that will affect their status in retirement, from purchasing long-term care insurance—which I hope we will soon make more affordable by changes in the tax law—to steps they should take to assure

their physical, emotional, and mental health in their retirement years as well as decisions which affect their finances in retirement.

So these are the four components of a 21st century approach to Americans in retirement. I look forward to soon returning to the Senate floor to introduce this legislation and to speak on it in somewhat greater detail. I encourage my colleagues to take an interest in this important subject, and I invite them to join me.

Again, I am enthusiastic about the action we are about to take in which we eliminate an anachronism from the 1930s which continues to be part of our Social Security system in the 21st century. I hope we will soon be prepared to take strong action to deal with some of the old attitudes that retirement was only Social Security, an attitude which also is an anachronism of the 1930s that continues to have too much saliency in the 21st century.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise in support of the legislation being discussed today to be more fair to our senior citizens, to encourage them to work. I hope final passage will be voted on tomorrow.

I always like to follow the Senator from Florida because it gives me an opportunity to thank him for the cooperation he has given me in our work on some of the other legs of the retirement income stool. We think of Social Security as one of those, another is savings, and the other one is pensions. He and I have worked closely together in a bipartisan way to formulate pension legislation to encourage savings, to encourage employers to have established pension systems, and particularly to encourage the self-employed and smaller corporations to set up pension systems. So I thank him for that.

This legislation might not be considered part of the three-legged stool we always talk about of income security for retirement—Social Security, pensions, and private savings—but it is an opportunity for people who want to work, to work without penalty. That obviously is a very strong component, and heretofore there has been a disincentive to that activity. This eliminates that disincentive.

If I could sum up, I see at least two perspectives to this legislation.

One, as a matter of public policy in America, we should not have disincentives to productivity. Obviously, when you earn over a certain amount of money as a senior citizen drawing Social Security and you have to pay back \$1 out of every \$3, that is a disincentive to work. We ought to eliminate that disincentive.

A second factor is to judge people in American society on the basis of their competence and their merit and not on the basis of some arbitrary age, based on a policy that was thought good for the 1930s. Today we would not think it was good even for the 1930s. It does not

consider people's competence because the policy that was set up 65 years ago was, when you got to be 65, you were shoved out into the street to make room for younger people to come into the workforce. That was wrong.

The third thing about this legislation is the high rate of taxation. People who earn over this amount of money have to pay back \$1 out of every \$3 they earn over a certain amount. That is a very high marginal tax rate, maybe the highest marginal tax rate of any American.

Consider, if you earn over \$17,000, you pay back \$1 out of every \$3. Consider also that you are already reporting, if you are earning over a certain income, 85 percent of your Social Security to be taxed a second time. It was taxed when you earned it in your working years; then consider that you pay income tax; then, last, you pay the same payroll tax everybody else pays. You can get such high marginal tax rates that it is almost a laugh to call it taxation. You should call it confiscation. Confiscation of resources in our system of government is not legitimate. It is a disincentive to productivity.

At a time in our Nation's history when we are experiencing unprecedented prosperity, we are also experiencing a shortage of experienced labor. The national unemployment rate is 4.1 percent, the lowest level in 30 years. In my home State of Iowa, it is even lower. Iowa's unemployment rate is 2.2 percent. The legislation we are debating would help alleviate some of the skilled labor shortage by removing a disincentive for older Americans to remain in the workforce if they, of their own free will, want to stay in the workforce.

The bill before us would eliminate the cap on earnings for Social Security beneficiaries between the ages of 65 and 69. Under current law, those beneficiaries have their benefits cut by \$1 for every \$3 they earn over that \$17,000. I have already referred to that.

This benefit cut applies, of course, only to earned income. An individual could still have savings, or income from pensions, totaling any amount and continue to collect full Social Security benefits. The difference between earned and so-called unearned income does not detract from the injustice of the current Social Security and tax policy. That is why this law must be repealed. It sends a wrong message that productivity among our older citizens should be discouraged.

I would like to give some examples of people from whom I have heard in my own State who are hurt by this earnings limit.

A person by the name of Delaine Jones is working in Glenwood, IA. He is 65 years old. He understands he may live for another couple of decades and may not always be able to work. He would like to earn as much as he can while he is able to, so he can financially prepare for a high quality of life later in his life.

Then we have Sherman and Nancy Sorem of Marshalltown, IA. They were affected by the earnings limit last year.

Sherman worked for 35 years for Fisher Controls, a major corporation in Marshalltown, IA. When that corporation downsized, he retired from his position as office manager of the accounting department. However, because of his expertise, he was called back each year to help out and to advise and consult with the department.

Last year, Fisher Controls needed his expertise for a longer period of time than ever before. Unfortunately, Mr. Sorem could not continue working because he would have worked long enough to earn above the earnings limit. He and Nancy were frustrated. He could not justify losing his Social Security benefits by his continued work.

Ron Ballinger, a third person I have heard from, works for a financial processing company in Cedar Rapids, IA. He worked full time last year and was interested in working part time this year. However, he will have to officially retire in April because he will have earned up to the cap on earnings.

According to the Social Security Administration, almost 800,000 older Americans nationwide have their benefits cut because of the earnings limit. Mr. President, 800,000 people face the same issue as the three Iowans to whom I have referred. Keep in mind, that statistic does not reveal anything about how many of our older citizens do not remain in or go back to the workforce at all because they cannot afford a cut in benefits.

I have received letters and phone calls from all over Iowa and all over the country because in my position as chairman of the Senate Aging Committee, they write to me about their concerns even though I am not their Senator. These letters and phone calls are from older people discouraged by the earnings limit.

Their hard-earned Social Security benefits are cut by \$1 for every \$3 they earn. They see it as a tax on their continued productivity. I see it as unfair and, if I might say, even un-American. This very country of ours, particularly at this time of low unemployment, and particularly when you consider the globalization of our economy, needs skilled labor, skilled workers, people who are skilled because of a lifetime of work in a certain profession.

What happens if we do not fill that skilled labor void? We lose productivity. Then we lose our global competitive edge. Where can we look for skilled labor? We have qualified people who want to work, our older citizens. We cannot afford to lose their expertise and skills.

A letter I received from the U.S. Chamber of Commerce states:

American business is facing a severe worker shortage in many sectors and areas of the country. Jobs are going unfilled, especially those positions that require skilled workers.

By removing the disincentive to work, this legislation allows seniors to apply their lifetime of valuable knowledge and experience to the business world and fill some of these positions.

Recognizing the need to encourage seniors to remain in the workforce is not a new idea. In fact, a report on Future Directions for Aging Policy was published in May of 1980 by the House of Representatives Select Committee on Aging, the Subcommittee on Human Services. At that time, I happened to serve as ranking Republican on that subcommittee when I was a Member of the other body.

I would like to read from the Future Directions for Aging Policy from 21 years ago. I refer to page 3 of the report summary:

At the base of such a service approach must lie an economic strategy. We have sketched such an economic base in Appendix 5. It is designed to coalesce around work and income. Tomorrow's seniors will want to work (trends toward early retirement are already reversing according to a recent Lou Harris poll), will be capable of working, and will need to work.

I remind you, this was 20 years ago that Congress said this.

Inflation's effect on fixed incomes will see to that. Public policy will have to create opportunities to work, both by removing barriers of age discrimination and by stimulating private sector employment of seniors. Moreover, income earned will have to be preserved for much longer than ever before, necessitating major reforms of America's pension systems.

That is something I have referred to that the Senator from Florida and I have been working on, as well.

Social Security and Supplemental Security Income, because these are the backbone of our present economic strategy, will probably have to be restructured in the future.

I think we have known for a long time that what we are finally about to do must be done. I am glad it is being done. The earnings test, enacted as part of the original Social Security Act passed in 1935, is outdated.

Sixty years ago, our country was in the midst of a depression. One in five people eligible to work was unemployed. The original law meant to discourage older Americans who were eligible to collect benefits from taking jobs younger people could fill. But that situation has changed—as unjustified as it was at the time—so our public policy today needs to be changed.

Because of my position as chairman of the Aging Committee, more acutely than others, I recognize the changing role of senior citizens in our society. This generation of older Americans has different responsibilities than past generations. We have seen a sharp rise in the number of grandparents who are raising their grandchildren. Furthermore, it is far more common for people to live into their eighties and nineties. Some of these very old Americans depend on their children who are often in their sixties to help care for them and pay for their at-home expenses, medical bills, groceries, and a host of other

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expenses. Eliminating the Social Security earnings limit will help raise the standard of living for these families.

While fixing this inequity in the retirement system will give fair treatment to those ages 65 to 69 who have paid into the program during their working years, I do not stand here and say that it is going to address Social Security's long-term demographic challenges.

When the baby boom generation comes on board, the revenue and benefit structure will not be able to sustain the obligations under current law. That is why I have worked with six of my Senate colleagues—Senators JUDD GREGG, BOB KERREY, JOHN BREAU, FRED THOMPSON, CRAIG THOMAS, and CHUCK ROBB—to craft bipartisan Senate reform legislation.

Our bill, the Bipartisan Social Security Act, which happens to be S. 1383, is the only reform legislation which has been put forth in the Senate which would make the Social Security trust fund permanently solvent—meaning, as you have to look out 75 years, under existing law, to project its solvency, our legislation has been declared to accomplish that by the General Accounting Office. In fact, it is the only one before the Congress that does that.

I will continue to press ahead and work to build a consensus among our colleagues to save Social Security and achieve long-term solvency for generations to come.

We, as a Congress, must recognize that even in this era of surpluses—meaning budget surpluses—there are serious long-term financial problems facing Social Security. These problems do not go away because we have a surplus and a good economy. The longer we wait to address reform of Social Security, the more difficult the problems will be to address, and the less time the baby boom generation will have to prepare.

As a nation, we have an evolving definition of what it means to be old. Americans are living longer and in better health. The traditional retirement age comes too soon for older people who want to or need to work past age 65. Some people want to retire; some people want to leave the workforce. Obviously, this legislation does not affect that decision of theirs. They can still do it. But if you want to contribute, if you want to remain productive, if you want to be in the workforce, by golly, through this legislation, we say we would love to have you do that. We remove economic disincentives to your doing that that are presently in the law.

I yield the floor.

Mr. BROWNBACK. Mr. President, I rise to address the body on the Social Security Earnings Test Elimination Act.

This is a good time. We are finally going to do something good for America's senior citizens. Americans should be free to work if they choose. With passage of this bill, we will help elderly

Americans stay in the workforce longer. It should be their choice, not the Government's coercion, that determines whether they stay in that workforce a longer period of time.

They have spent a lifetime paying into the Social Security trust fund. It is simply not fair to deprive them of their Social Security benefits simply because they choose to stay in the workforce longer or choose to begin working again after retirement. That is common sense to me, and that is why this bill has so much appeal.

Particularly at a time when the cost of living is increasing, it is important to allow our seniors who choose to work or those who are forced to work because of rising prices to do so without being penalized.

I will talk about a particular individual in Kansas whom I had the privilege of meeting a month ago. His name is Ron Frampton, from Kingman, KS. He has farmed with his family most of his life. I met him when I was touring the Mize Manufacturing Company, a small manufacturer in Kingman, KS. Mr. Frampton came up to me as I was walking through the production line and asked me if we were going to eliminate the Social Security earnings test. I said I thought we were going to get the bill through. He said: Good; I need it.

Then he related to me his situation. He had worked on a family farm, was born on the farm and worked there all his life. Then in the 1980s, when we had a hard financial downturn for agriculture, he got caught in that downturn. His savings for his entire family were wrapped up in this farm. That is where he plowed all of his income, all of his savings, back into the farm. When the economy moved against him in the 1980s, he lost the farm and, thus, a big part of his life, a big part of his family, a big part of his sense of being. He also lost his retirement security that he had outside of Social Security. His retirement savings were that farm.

Now he has to work. He doesn't have the savings on which he had counted. He has to be able to work, and he needs the Social Security income as well. This bill helps Ron Frampton and his family in Kingman, KS. It addresses that need. It says if he needs to work, he wants to work, let him work, and don't penalize him for doing it.

This bill allows people older than 65 and younger than 70 to earn income without losing their Social Security benefits. That is as it should be. It is an important bipartisan measure that passed overwhelmingly in the House and, I expect, will pass overwhelmingly in the Senate. It sends an important and positive signal to America's retired workers who have spent their lives working to make this country better. We need this for America's seniors.

I am delighted we are going to pass this bill for all the seniors in the country but particularly for Mr. Frampton and for his family.

## AMENDMENTS SUBMITTED

SENIOR CITIZENS' FREEDOM TO  
WORK ACT OF 1999

## KERREY AMENDMENT NO. 2885

Mr. KERREY proposed an amendment to the bill (H.R. 5) to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age; as follows:

At the end add the following:

**SEC. . REDESIGNATION OF TERM FOR AGE AT WHICH AN INDIVIDUAL IS ELIGIBLE FOR FULL, UNREDUCED OLD-AGE BENEFITS.**

(a) **IN GENERAL.**—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended—

(1) by striking "retirement age" each place it appears and inserting "the age of eligibility for full, unreduced old-age benefits";

(2) by striking "early retirement age" each place it appears and inserting "the age of earliest eligibility for old-age benefits"; and

(3) by striking "delayed retirement" each place it appears and inserting "delayed entitlement for old-age benefits".

(b) **CONFORMING AMENDMENT.**—Section 202(q)(9) of the Social Security Act (42 U.S.C. 402(q)(9)) is amended by striking "early retirement" and inserting "early entitlement for old-age benefits".

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of enactment of this Act.

**ROTH (AND MOYNIHAN)  
AMENDMENT NO. 2886**

Mr. ROTH (for himself and Mr. MOYNIHAN) proposed an amendment to the bill, H.R. 5, supra; as follows:

Strike all after the first word and insert the following:

**SEC. 1. SHORT TITLE.**

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".

**SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3), by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "Age Seventy" and inserting "Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

**SEC. 3. NONAPPLICATION OF RULES FOR COMPUTATION OF EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

(a) **IN GENERAL.**—Section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended by adding at the end the following new subparagraph:

"(E) Notwithstanding subparagraph (D), no deductions in benefits shall be made under subsection (b) with respect to the earnings of any individual in any month beginning with the month in which the individual attains retirement age (as defined in section 216(l))."

(b) **CONFORMING AMENDMENT.**—Section 203(f)(9) of the Social Security Act (42 U.S.C. 403(f)(9)) is amended by striking "and (8)(D)." and inserting "(8)(D), and (8)(E)."

**SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

(a) **ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.**—Section 203 of

the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60."; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60.".

(b) **CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.**—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended by striking "or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit" and inserting "or, if so entitled, did not receive benefits pursuant to a request by such individual that benefits not be paid".

**SEC. 5. EFFECTIVE DATE.**

The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1999.



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 106<sup>th</sup> CONGRESS, SECOND SESSION

Vol. 146

WASHINGTON, WEDNESDAY, MARCH 22, 2000

No. 33

## Senate

ceed to a vote on final passage of the bill at approximately 10 a.m. Following the vote, the Senate will begin a period of morning business of 2 hours with the time controlled by Senators BYRD, MURKOWSKI, and DURBIN. For the remainder of the time, the Senate is expected to begin debate on the crop insurance legislation. However, negotiations regarding amendments and debate time are ongoing, and if no agreement can be made, the Senate may turn to any Legislative or Executive Calendar items available for action.

I thank my colleagues for their attention.

resume consideration of H.R. 5, which the clerk will report by title.

The legislative clerk read as follows:

A bill (H.R. 5) to amend title II of the Social Security Act to eliminate the earnings test on individuals who have attained retirement age.

The PRESIDING OFFICER. Under the previous order, there will now be 15 minutes of debate equally divided for closing remarks.

The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, it has been agreed that I will begin these brief remarks in order that our chairman might conclude the debate and proceed to the vote which I think has every prospect of being prodigious in its majority.

We have heard the compelling arguments to eliminate the so-called earnings penalty for persons 65 years and older. There is a short-term cost that is followed by a long-term payback, if you like, such that in a 20- to 30-year period the Social Security trust funds will not in any way be affected. The present practice is to decrease benefits to persons who continue working after their technical retirement age is reached, and then to compensate them after they reach age 70 or stop working. It is a complicated calculation. It is a cause of much distress, if you like, within the Social Security Administration—about \$100 million a year just in sorting out the claims. It is not understood. There is the elemental fact that, although at 65 if you continue to work you know you will get back your benefits, that is in actuarial terms. For the cohort of several million persons, it will all be evened out. You may not be. So why not get rid of this archaic complexity? It is a remnant of Depression legislation of the 1930s.

In that regard, however, we do have the question attending the long-term deficit of the Social Security system. Yesterday our friend from Arizona, Senator MCCAIN, spoke eloquently

### SCHEDULE

Mr. ROTH. Mr. President, today the Senate will immediately begin the final 15 minutes of debate on H.R. 5, the Social Security earnings bill. By previous consent, the Senate will pro-

### SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now

• This "buller" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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about that matter, having raised it during his primary campaign on his side of the aisle. Senator KERREY spoke with equal eloquence. Senator MCCAIN was kind enough to note legislation that Senator KERREY and I have introduced in this matter.

In very short order, I would simply like to recapitulate the four simple steps which put Social Security on an actuarially sound basis for the next 75 years. They are:

No. 1, provide for an accurate cost-of-living adjustment. In 1996, the Boskin Commission originally estimated that the CPI overstates changes in the cost-of-living by 1.1 percentage points; now they say it is 0.8 of a percentage point.

No. 2, normal taxation of benefits.

No. 3, extend coverage to all newly hired State and local workers.

I might interject, if ever there was a holdover from the 1930s, it was this. It was not clear at that time whether the Federal Government could tax a State entity, so they were left untaxed. A great many workers in civil service positions pay no taxes on their principal jobs, but qualify for benefits from "side" jobs, and it is just not fair. We are not taking away anything, but just covering newly hired workers like everyone else.

No. 4, increase the length of the computation period from 35 to 38 years.

We now have a 75-year, long-term actuarial deficit of 2.07 percent. This would bring that down by 2.05 percent, leaving an inconsequential .02 percent over the 75-year period.

These are data based on actuarial calculations and they are clearly within our capacity. Let us hope one day we do it before it becomes too late. That time will come sooner than you may think.

Mr. President, I ask unanimous consent the table be printed in the RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

**ELIMINATING SOCIAL SECURITY'S LONG-TERM DEFICIT**

(Numbers expressed as a percent of payroll)<sup>1</sup>

Long-term (75 year) actuarial deficit 2.07

Reduction in deficit due to:	
0.8 percentage point cost of living correction .....	-1.16
Normal taxation of benefits .....	2-0.43
Extend coverage to all newly hired State and local workers .....	3-0.21
Increase length of computation period from 35 to 38 years .....	-0.25
<b>Total reduction in deficit .....</b>	<b>-2.05</b>

<sup>1</sup>Estimates are based on the intermediate assumptions of the 1999 Trustees Report and ignore interactions among the provisions.

<sup>2</sup>Social Security benefits would be treated like income from a private pension so that benefits that are attributed to employer contributions and interest earnings would be subject taxed, while benefits attributed to employee contributions would not be taxed. Currently, benefits are taxed only if income exceeds certain thresholds and, depending on some complex formula, only up to 50 or up to 85 percent of the benefit is subject to taxation.

<sup>3</sup>This is the rule that applied to newly hired Federal workers in 1984 and thereafter.

Mr. MOYNIHAN. Mr. President, I look forward to the statement of our

revered chairman, who is going to have a historic triumph this morning.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, first let me thank and congratulate my distinguished colleague, the senior Senator from New York, for his leadership throughout the years on this most important domestic program, Social Security. There is no program of greater importance and interest to the American people than Social Security. The distinguished Senator, Mr. MOYNIHAN, as I said, throughout his career has played a critical role in the development, the preserving, and the strengthening of this important program. I thank him and congratulate him.

As Senator MOYNIHAN pointed out, the Senate is now turning to the vote to repeal the Social Security earnings limit, an important step in preparing Social Security for the 21st century. This repeal is good for seniors, it is good for America, and it is good government. As we have heard, the Social Security earnings limit was enacted 65 years ago to encourage older persons to retire during the Great Depression. But today, with Americans living longer, and the tightest labor market in 30 years, this rule is not only outdated, but it harms both our senior citizens and the economy.

Repealing the earnings limit will help improve the retirement security of seniors by giving them the choice to work longer and to save more. Abolishing the earnings limit will allow us to protect the Nation's economic gains of the past 17 years by encouraging our Nation's most experienced workers to continue working, not only for today but into the future.

Finally, repealing the earnings limit is just plain good government. It will save the Social Security Administration money and reduce very common, frustrating mistakes in calculating benefits. So let me say, I urge each Senator to support this bill.

I am happy to yield the remaining time to the distinguished assistant leader of the majority.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. The Senator has 4½ minutes.

Mr. NICKLES. Mr. President, I compliment my colleagues, Senator ROTH and Senator MOYNIHAN because they work so well together.

Today, we are going to pass something that will have a positive impact on millions of Americans. I say millions—some people say there are only 800,000 people who are currently paying the Social Security earnings penalty. There are millions of people who want to work, maybe have to work, but basically their taxes are so punitive that they cannot work; it does not make sense to work. Their taxes are so high they have to work more for government than they work for themselves.

These are senior citizens, not particularly wealthy people. You can be a senior citizen and have, as an individual, an earned income of \$30,000. You are in the 28-percent tax bracket. Because of the earnings penalty on Social Security, that is an additional 33-percent tax bracket. Add those two together and you are at 61 percent. You have to pay Social Security tax. If you are self-employed, you add 15 percent to that. That is 76 percent, and you have not even paid taxes to the State. For most States, that is 6 or 7 percent.

You can have a marginal tax rate of 80 percent; you work four times more for the Government than you do for yourself. That is way too high. This 33-percent penalty for seniors between the ages of 65 and 70 who want to have earned income—maybe need to have earned income—is long past overdue for repeal.

I am delighted that today we are going to fulfill what the House has done. I compliment Chairman ARCHER in the House. I compliment Chairman ROTH and Senator MOYNIHAN. I remember Senator MCCAIN speaking on this issue for years. I remember Senator ASHCROFT making tireless speeches, saying we need to repeal the earnings penalty.

Over the years, we have raised the amount people can save before the penalty takes effect, but the penalty still takes effect for any income above \$17,000. The real solution is to repeal it. That is what we are going to do today. We are going to open up economic opportunity for millions of Americans who are at age 65 and maybe do not want to retire. They might be a STROM THURMOND; they who may have another 50 years of very energetic hard work ahead of them and they don't want to say they want to retire. We should not force them to retire.

The earnings penalty forces many of these people to retire—some of our most productive citizens in America. I think it is wrong. This tax penalty is wrong. We are going to repeal it today. We are repealing it with bipartisan support. It is going to become the law of the land.

Again, I compliment our leader for proving we can get some good things done that will have a positive impact on millions—frankly, on all of us, because a lot of us want to work beyond the age of 65. Now we are telling seniors they can do so.

Again, my congratulations to the leaders for making this happen. I think this will make Social Security policy better and, frankly, it will make economic policy better for all Americans.

Mr. President, I yield the floor and urge my colleagues to vote yes on this bill.

Mr. LUGAR. Mr. President, I rise today in support of H.R. 5, the Senior Citizens' Freedom to Work Act. The passage of this legislation is long overdue. The Social Security earnings test is bad for our economy and bad for individual senior Americans who wish to

continue in the workforce. I am extremely pleased that the Senate is moving to eliminate the earnings test.

I am hopeful, however, that passage of this bill will not mark the end of thoughtful policy regarding the role of seniors in the American workforce. Senior workers are an invaluable resource for our nation. As the number of Americans of retirement age increases, the economy's need for senior workers will inevitably increase as well. We should encourage those seniors who wish to continue working by making certain that they are treated fairly by tax and retirement laws.

Too often, government policy toward retirees has assumed that all seniors have the same needs, goals, and desires. Mr. President, each individual is different. Many seniors look forward to a leisurely retirement that allows them to pursue activities for which they did not have time when they were working. American seniors have earned this option, and trends over the last several decades that demonstrate the average senior is enjoying a healthier and more prosperous retirement are extremely encouraging.

But other senior Americans wish to delay retirement for as long as possible. Many seniors who have communicated with me about this subject simply enjoy the stimulation that a workplace provides on a daily basis. Others are not ready to leave businesses or farms that they have spent their entire lives building. Still others wish to continue to contribute to the income of their families, children, or grandchildren. Regardless of their reasons for wanting to stay in the workplace, no senior should find that government policy is a disincentive or barrier to work.

In addition to ensuring basic fairness to individuals, providing further incentives to senior workers makes good sense for our economy. Seniors who stay in the workforce continue to pay taxes on their earnings and continue to provide much-needed experience to the American economy. As our economy grows and the baby-boom generation approaches retirement age, we may experience more frequent labor shortages. Ultimately, a declining number of qualified workers could be detrimental to the economy. Adding incentives that reward older Americans for staying in the workforce could help alleviate such shortages while continuing to improve our economy and standard of living.

Last month, with the support of Senators BREAUX and GREGG, I introduced two pieces of legislation that would encourage American seniors to stay in the workforce. These bills, entitled the Retired Americans Right of Employment Acts (RARE I and RARE II), are based on the premise that many seniors want to work and their labor is invaluable to our economy and society. Both bills would repeal the earnings test, as we are seeking to do today. But they would go further by implementing

specific tax and benefit changes that would reward seniors who choose to work.

Among other provisions, both bills would phase in a formula allowing income earned after the retirement age to be counted in the calculation of an individual's Social Security benefits. Currently, Social Security benefits for most people are based on the average of the top 35 earning years prior to age 62. Allowing income earned after age 62 to be included in benefit calculations would increase the benefits of those seniors who choose to continue working.

The two bills offer alternative methods to reduce the taxes of working seniors. RARE I would cut the FICA tax of seniors by 10 percent when they reach full retirement age. As a result, retirees would see their FICA tax reduced from 7.65 percent of their paycheck to 6.885 percent. Because taxes are levied on the first dollar of wages earned, this tax reduction would benefit all income levels of retirees, including those who choose to work part-time.

RARE II would provide individuals who have reached the full retirement age with a tax credit equal to 10 percent of the lesser of the amount of income tax owed or the earned income of the individual. This provision would effectively reward older Americans who continue to earn and to pay taxes after reaching retirement age.

Mr. President, in closing, I want to reiterate my strong support for the underlying bill being discussed today. The elimination of the Social Security earnings test would be a huge step toward ending the disincentives for seniors to work if they choose. But I hope this is only a first step in adjusting policy governing seniors in the workplace. Other changes contained in the RARE bills, which I have described, as well as the repeal of the Clinton Administration's 1993 tax on Social Security benefits, would reaffirm the importance of seniors in our society. The health of our economy and even our national strength will increasingly depend on retaining the services of productive seniors. We should begin constructing these policies now.

Thank you, Mr. President.

Mr. DASCHLE. Mr. President, the time is right to repeal the Social Security earnings test. I ask my colleagues to join with me today in support of the passage of H.R. 5, the Senior Citizens' Freedom to Work Act of 1999.

We all know that reaching retirement age does not necessarily mean a person is ready to retire. It is good news that Americans are now living longer and healthier lives, and I believe that the Social Security system should not penalize those who want to work longer. I understand that many older workers choose to remain in the workforce because they need additional income or have no desire to stop working. I fully support this choice, and I believe that no one should face financial penalties for that personal decision.

In South Dakota this year, 2000 people have seen their Social Security benefits reduced because they chose to continue working when they reached the age of 65. All told, Social Security withheld about \$8 million in Social Security payments last year from those South Dakotans. That works out to a loss of about \$4000 in Social Security benefits for each of those 2000 South Dakotans. That is not right. Let's not penalize them for staying in the workforce to achieve a better standard of living. I know many Americans over 65 in my state who could use that money to pay for health insurance, prescription drugs, and electric bills.

H.R. 5 will not only help these 2000 workers who are not receiving their Social Security benefits, but also encourage those who want to work, but are not doing so now because they fear the earnings limit would consume most or all of their earned benefits. As baby boomers begin to retire, it is especially important that these older Americans who want to work be encouraged to do so. Our nation is celebrating record low unemployment. Let us seize this opportunity to recognize the skills, knowledge, and experience that people over 65 have to offer. I am pleased that Congress is on the verge of removing the earnings limit to encourage citizens in my state and across the country to continue making an important contribution to the American economy.

Mr. President, I urge my colleagues to build on the momentum created by this bipartisan bill to work toward Social Security reform. We can pass legislation this year that will extend the solvency of Social Security for 50 years by using the interest savings earned by paying down the debt. We should take that simple step this year on a bipartisan basis, just as we are passing this bill today.

Mr. GRAMS. Mr. President, I rise to strongly support HR 5, the Senior Citizens' Freedom to Work Act. This very important legislation would help millions of American seniors who choose to, or must work after retirement.

Under current law, the Social Security benefits of those seniors ages 65 through 69 who continue to work will be reduced by \$1 for each \$3 of earnings over \$17,000. In other words, they will be taxed at 33.3 percent of their earnings above the threshold.

However, the onerous tax burden on our seniors does not stop there. These seniors are also subject to a 15.3 percent payroll tax, and a 15 percent income tax. Combined with the earnings test, these seniors are paying taxes of over 60 percent on their earnings from working. If their earnings bump up their income, their Social Security benefits are then taxed. The tax bite could take 68 to 91 percent of their additional earnings.

Mr. President, this is absurd. We must correct this unfair tax burden on our seniors.

When Social Security was set up 65 years ago during the Great Depression,

jobs were scarce, workers were younger and many could not find work to support their families. One of the intentions of the Social Security program was to encourage older workers to retire, so that younger workers could find a job.

Today, our situation is dramatically different. The economic and demographic conditions in the U.S. are not what they were when Social Security was established. Our strong economy has created a tight labor market. After filling over 20 million new jobs during this economic expansion, we still have a job shortage, particularly skilled workers. It is projected that this shortage will continue for the next 5 to 10 years.

Lower birth rates and a longer life expectancy mean that the number and relative size of the older population is growing rapidly. The number of Americans over age 65 has grown from 8 percent in 1950 to 14 percent in 1990 and is projected to reach 22 percent in 2030.

This demographic change has triggered a serious Social Security crisis. In 1940 there were 100 workers to support 1 retiree. Today that ratio has dropped to 3 workers supporting 1 retiree. In less than 20 years, that ratio will decrease to 2 to 1. As a result, we have a \$20 trillion unfunded Social Security liability.

The earnings test penalty has worsened this situation. It discourages seniors from working, even though their skills are much needed in the labor market. If allowed to work without penalty, they will continue to pay payroll taxes into the Social Security system which will help us work toward solvency of the system.

Another important reason we must get rid of the earnings test is that Social Security is a very poor investment for Americans. Americans pay a significant amount of payroll taxes through their working life but face low and declining returns from Social Security, and some receive less in benefits than they have paid in payroll taxes. Their Social Security benefits cannot even begin to meet their pre-retirement standard of living. Many seniors have no choice but to continue to work—and others want to work for the joy of it.

Over the past 15 years, goods purchased mainly by seniors increased 6 percentage points more than goods purchased by the general public. Their medical costs skyrocketed 156 percent.

As inflation on medical and pharmaceutical goods continues to rise, older Americans' hard-earned Social Security benefits are worth less and less. Their purchasing power will continue to diminish.

I believe the earnings test on Social Security benefits is wrong and unfair because Social Security benefits are earned benefits for many senior citizens. The Social Security benefits which working seniors are losing due to the earnings test penalty are benefits they have rightfully earned by con-

tributing to the system throughout their working years before retiring. These are benefits they should not be losing just because they are trying to survive by supplementing their Social Security income. Reducing Social Security benefits upon additional earnings is just double taxation.

As health care and other costs continue to grow, the incomes of more and more senior citizens are falling along with their standard of living. This earnings test hurts seniors who choose, or must work after retirement to maintain their standard of living or to pay for costly health insurance premiums, medical care, prescriptions and many other expenses which increase in retirement years. This is particularly true for seniors with lower-incomes who must work and depend on their earned income for survival.

Mr. President, we cannot let this practice continue.

Eliminating the earnings test on Social Security benefits would reverse this trend, and help responsible senior citizens. The federal government has entered into a sacred covenant with the American people to provide retirement benefits once contribution commitments are made. It is the government's contractual duty to honor that commitment. The government cannot and should not take money from seniors that is rightfully theirs.

Mr. President, I'd like to briefly discuss the health of our Social Security system. Social Security benefits will exceed payroll taxes by 2014 or soon.

President Clinton claims he is saving Social Security by using the interest savings that will result from paying down the government debt held by the public. However, his proposal does not push back the date that Social Security will run a deficit by a single year, and the transfer from the general fund to Social Security does not cover a fraction of the shortfall.

Mr. President, without reform, the unfunded liability of Social Security will crowd out all of our discretionary spending. It will create financial hardship for millions of baby boomers and impose a heavy burden on future generations. We must address this vitally important issue as quickly as we can.

I believe the best way to fix Social Security is to move it from the current pay-as-you-go system to a fully funded one, and the immediate step we should take is to lock in every penny of the Social Security surplus safe from government spending, and put it toward Americans' retirement. My lockbox would sequester spending if re-estimates result in spending any of our Social Security surplus.

In addition, we need to tell Americans the whole truth about Social Security since payroll taxes are the largest tax that many families will ever pay, accounting for up to one-eighth of the total lifetime income they will make.

That's why I also support the Gregg amendment which would require the

government to provide information on the financial status of the program. This amendment is along the same line of my legislation, S. 1104, the Social Security Information Act. Reliable information on Social Security is crucial to enable Americans to better understand the value of their Social Security investment and to help them determine exactly how much they should supplement their expected Social Security benefits with other savings in order to have a certain level of retirement security.

Mr. President, let me close by saying it is critical that we repeal the earnings test penalty. We owe our seniors nothing less than to remove this senseless provision and give them the opportunity to sustain and hopefully improve their standard of living by allowing them to work without additional tax penalties. It is equally important that, by continuing to pay into the Social Security system, our seniors will actually give us more time to reform it—which ultimately benefits everyone.

Mr. CONRAD. Mr. President, I am pleased the Senate is taking action on the H.R. 5, the Senior Citizen's Freedom to Work Act of 2000. This legislation eliminates the earnings test for Social Security recipients between the full retirement age (currently 65) and age 69. The measure will be retroactive to January 1, 2000.

I have long supported changing the Social Security earnings test, which the amount of income recipients may earn before their benefits are reduced. Under current law, recipients aged 65 through 69 can earn up to \$17,000 per year without penalty. But beyond that, benefits are reduced by \$1 for each \$3 of earnings. This year, approximately 800,000 seniors will lose benefits. Repealing the earnings test will allow older Americans who have skills and expertise to continue working and making a contribution to society and to our economy.

I am concerned about the Social Security earnings test and realize the difficulties that many older Americans experience because of it. For many seniors, working beyond the age of 65 is necessary just to make ends meet. Changing the earnings limit will allow them to earn extra income without losing hard-earned Social Security benefits. They have spent a lifetime working for these benefits and they should get them, whether they choose to continue to work or not.

I have supported past legislation to raise the earnings test limit. Today, I fully support this legislation to eliminate the earnings test for all individuals who have reached full retirement age.

This bill is especially important to North Dakota because we have one of the highest rates of seniors receiving Social Security benefits.

I am also pleased because this bill is fiscally responsible. In the long term, it will not have any financial impact on our Social Security trust fund.

I urge my colleagues to join me in supporting this important piece of legislation.

Mr. JOHNSON. Mr. President, today is a particularly important day for American seniors. With a unanimous vote, the Senate passed H.R. 5, the Senior Citizens' Freedom To Work Act which will abolish a Depression-era Social Security restriction that lowers benefits paid to seniors ages 65 to 69 who earn more than a specified amount each year. Earlier this month the House passed H.R. 5 by a vote of 422 to 0. As a proud cosponsor of the Senate version of this bill, I am elated that Congress moved swiftly to pass this long overdue legislation.

Presently, the Social Security earnings test reduces benefits \$1 for every \$3 over earnings of \$17,000 for retirees age 65 to 69. Due to the cap on earnings, older Americans, many of whom live on fixed, modest-incomes, are burdened with a 33.3 percent tax on their earned income. When this is combined with Federal, State, local and other Social Security taxes, it amounts to an atrocious 55-65 percent tax or even higher. Such a policy defies the principals of self-reliance and personal responsibility on which America was founded. Seniors who have substantial outside income from investments have never had a similar tax penalty to pay.

By eliminating the retirement earnings test, older Americans can now decide whether and how much they want to work without a reduction in their current Social Security benefits.

An estimated 800,000 Americans lost all or part of their Social Security benefits in 1999 because they were employed and earned more than the limit. Even a part-time job can put someone over the earnings limit. According to the U.S. Bureau of the Census, the elimination of the earnings test will affect approximately 1,153,000 retirees and auxiliary retirees nationwide, including 3,462 seniors throughout South Dakota.

I believe older Americans ages 65 through 69 should be able to work and supplement their Social Security without a benefit reduction, just as other beneficiaries can supplement, without restriction, their Social Security with pensions and unearned income.

At a time when labor shortages loom on the horizon and people are living longer, we should encourage, not penalize, older workers.

Faced with serious health care expenses, escalating prescription drug prices, long term care needs, and other expenses in caring for a spouse or other family members, older Americans are choosing to stay in the job market longer. By eliminating the earnings test today we have just improved the personal and financial well-being of thousands of seniors throughout South Dakota and our nation.

I am very pleased that President Clinton is supportive of the legislation and has indicated that he will sign the bill into law immediately.

Today marks a strong vote for older Americans. Seniors are one of our nation's most valuable resources and we should honor and respect them by providing the means necessary to live long, fulfilling lives without worrying about whether or not they can afford to pay their rent, heating bill, and other necessities. As we move forward with the 106th Congress, I look forward to working with my fellow colleagues to implement further programs and a strong legislative agenda which strengthens crucial programs such as Social Security and Medicare, and establishes prescription drug coverage, nursing home reforms, new efforts on long-term care, tools to fight crimes against seniors, new plans to secure retirements and protect pensions, and other initiatives that meet the needs of our growing population of seniors.

Mr. GORTON. Mr. President, for too many years I have worked in support of repealing the unfair Annual Earnings Test on Social Security. Incredibly, working seniors currently forfeit one dollar of Social Security benefits for every \$3 they earn over the earnings limit of \$17,000.

If an American spends a lifetime paying into the Social Security system with the guarantee that he or she will get their money when he or she turns 62 or 65 years old, no one should be able to take those benefits away simply because the beneficiary wants to keep working. Why should the federal government be discouraging those seniors who want to keep on working from doing so? As our country faces increasing demands for labor, we can ill afford to deprive ourselves of the skills and experience America's seniors have to offer. The federal government shouldn't be in the position of discouraging anyone from working; seniors should be allowed to make their own decisions.

Over the past few weeks, I have listened to and read the comments of numerous Washington state seniors who lose a portion of their hard-earned Social Security benefits simply because they do not wish to retire or stop working. I have been listening to these same comments for many years, and I can honestly say that today it looks as if common sense will finally prevail and a solution will pass the House and the Senate. Importantly, President Clinton recently changed his position on this issue and now says he will sign this legislation to abolish the Earnings Test.

I will cast my vote for abolishing this unfair tax. Repeal of the Social Security Earnings Test is a victory for seniors and every generation of Americans.

Mr. EDWARDS. Mr. President, I am proud to join my colleagues today—Republicans and Democrats alike—in voting to repeal the Social Security earnings test. For 75 years now, Congress has kept a provision in the Social Security program that hurts our seniors who continue to work. The Senior Citizens

Freedom to Work Act is a sensible measure. It will correct an injustice in our Social Security program, infuse our tight labor market with experienced workers, and most importantly, help hundreds of thousands of seniors become more financially secure.

Currently, retirees drawing Social Security benefits are subject to an earnings test. This means that for seniors ages 65 to 69, benefits are deferred by \$1 for every \$3 that their earnings exceed \$17,000. In my state, nearly 2,500 seniors are hurt by the Social Security earnings test. According to the Social Security Administration, the average amount of benefits lost per recipient in 1995 was \$3,596. My state benefits from the contributions of these employees, substantively and economically; yet these individuals are being penalized for their efforts.

It is now time for Congress to bring the Social Security program into a new era. Retiring the earnings test, not our seniors, is a first step.

In 1935, when the Social Security program was established, the United States had a crowded labor field. The earnings test was designed to encourage seniors to leave the work force to open their jobs to younger people. But today the rationale for the test has faded. It's about time we replaced this antiquated provision.

Indeed, no one today would seriously consider structuring the program to discourage older workers. Our unemployment rate is at an historic low. And our country is enjoying unprecedented economic prosperity. Seniors bring years of experience to the work force—knowledge and judgment that cannot be obtained from a textbook, but only from first-hand experience. Employers today are seeking skilled, dependable, and honest employees. Many older Americans would be willing to fill this need if they were not faced with decreased Social Security benefits. The government should not tell people who want to work that they cannot, but this is exactly the message the earnings test sends to many seniors. This message is discriminatory and fundamentally wrong.

Moreover, at a time when we are experiencing such phenomenal economic growth, many of our senior citizens are struggling to pay for everyday needs. This measure will help them. I have heard from hundreds of seniors from North Carolina who are struggling to pay their medical bills and daily living costs. By now, they have been working and paying Social Security taxes for decades. These same seniors are the ones who start to lose benefits because they continue to work, simply because they earn a salary that the government believes is too high for them.

It must be said that this legislation is a patch to one problem in the Social Security system that is currently riddled with holes. If Congress does not start considering overall Social Security reform, we will eventually have a hole too big to fix. It is my hope that

the current momentum to fix small holes in the system will lead to a larger dialogue on how to save the Social Security program.

But until then, the Senior Citizens Freedom to Work Act is a win-win measure. It lets seniors earn a higher salary without retribution. It keeps skilled employees in the workplace. It helps maintain a strong economy. It helps our seniors to afford today's cost of living. And finally, it's the right thing to do.

This bill has a lot of benefits, and it costs the government nothing. I look forward to its quick passage in the Senate and to the positive effects that it will have for our country.

Mr. ABRAHAM. Mr. President, in my State of Michigan, we currently have less than a 3 percent rate of unemployment.

We used to think that just the people entering and leaving the job market, as well as those switching jobs, would keep unemployment to a minimum of 5 percent.

But our economy is exceptionally strong, and the demand for labor is through the roof. In fact, some companies in Michigan have threatened to leave the State because they can't find enough people to work.

Yet throughout the United States, we encourage our seniors between the ages of 65 and 69 to not work because of the earnings test on their Social Security benefits.

At the very time that we need experienced workers in the labor market, the government makes it uneconomical for our most experienced workers to stay in the work force.

Under the current earnings test, Social Security beneficiaries under the age of 65 lose \$1 of social Security benefits for every \$2 they earn over \$10,000 per year.

And those under 70 lose \$1 for every \$3 earned over \$17,000 of annual income.

Not until they reach 70 years of age are seniors free to work again on their own terms.

Seniors are being penalized by double taxation—and in this case, simply for working.

I find it incredible that we force our seniors to forego over \$3.9 billion a year in Social Security benefits simply because they make more than \$10,800 if they are under 65 and \$17,000 if they are between 65 and 69 years of age.

But what is not seen is the income foregone by those seniors for whom the earnings test makes it uneconomical to work.

A recent study by the Institute for Policy Innovation shows that your typical 67-year-old married senior, making let's say the American average of \$37,000, could have a marginal tax rate of over 80 percent.

This is a huge disincentive to continue working, even though we need these experienced seniors in our work force, many of them want to work, and they are able to do so.

In fact, a recent study by the Urban Institute indicated that because of

longer life expectancies and better medical care, a 65-year-old today is healthier than a 40-year-old was before World War II.

This has the effect of forcing able workers out of the work force. In 1948, 47 percent of men over 65 worked. Today, it's one-third of that with about 16 percent continuing to work.

And if they do work, they limit how much they work because of the earnings test. In fact, 65 percent of those seniors that work, keep their total earnings under the earnings test limit in order to avoid the penalties.

But if we repealed the earnings test, we could unleash the economic power of our seniors.

The National Bureau of Economic Research estimates that repealing the earnings test on workers age 65 to 69 would increase the annual number of hours worked throughout the economy by 5.3 percent.

That may not seem to be much, but it actually represents 63 million more hours worked per year, or the equivalent of almost 31,500 jobs.

Because seniors would have more money to save, invest, and spend, it's estimated that overall gross domestic product would rise by \$19.5 billion, increasing the projected growth in disposable personal income by more than 5 percent.

And this would ripple throughout the economy, adding \$6.8 billion to the stock of U.S. capital invested in new jobs.

Finally, the extra growth that would be brought about by this repeal would generate enough new tax collections to totally offset the higher Social Security benefit payments within 10 years.

That is why I was proud to join Senator McCAIN last year in cosponsoring S. 279 to repeal this antiquated test and allow our seniors to keep all of their Social Security benefits. And that is why I will also support passage of H.R. 5.

But I think we need to look at the broader issues of retirement security, including the taxation of Social Security benefits, and the forced depletions of individual retirement accounts.

In 1993, the President forced through an increase on the amount of Social Security benefits subject to taxation from 50 to 85 percent for those singles making more than \$34,000 and those couples making over \$44,000.

When coupled with the earnings test, these benefits taxes can punish some couples with a 103 percent marginal tax rate. These couples actually lose more than a dollar for making another dollar. Not only is this grossly unfair, it's also an even further disincentive for savings and work.

But the government's raid on senior's retirements assets doesn't even stop there. It also levies a 50 percent tax on IRA savings when seniors fail to withdraw when Washington wants them withdrawn.

Current law requires seniors to start withdrawing their IRA savings beginning at age 70½.

And seniors must usually make these withdrawals in annual amounts large enough to deplete the entire IRA by the time they reach age 85.

Failure to follow these rules earns a whopping 50 percent penalty.

This withdrawal requirement can only be viewed as a punishment for those who plan and save for retirement. Even worse, seniors who live past 85 may find themselves short on funds because the Federal Government forced them to spend their own savings. That's not right, and it must be stopped.

To remedy all of these gross disincentives to seniors planning and saving for their retirement, and staying active in the work force, I introduced the Senior Citizens' Financial Freedom Act, S. 2180.

This legislation would accomplish three objectives:

First, it would repeal the Social Security earnings test working penalty on seniors, just as the legislation before us today would.

Second, it would roll back the Clinton administration's 1993 tax increase on Social Security benefits.

Finally, it would increase the age when minimum IRA distributions must begin, from 70½ to 85.

Passage of H.R. 5 is vitally important to the financial well being of our seniors who chose to remain in the work force.

And I hope we will continue to work toward truly protecting the financial well-being of America's seniors by also addressing this year the other issues of Social Security benefits taxation and forced IRA withdrawals.

With these two important pieces of legislation, we can really strengthen Social Security for our seniors in the most important place possible—their wallets.

Mr. HARKIN. Mr. President, the Senate is going to take an important and long overdue step to stop penalizing older workers in our Nation—eliminating the Social Security earnings penalty. This is a change I have advocated for many years. So I am very pleased we are taking this important step.

This legislation, H.R. 5, is an important step for a number of reasons. First, it is simply the right thing to do. There should not be a penalty for working.

Second, we are now facing and will continue to face tight labor markets. In my State of Iowa, this is an acute problem in some areas. By eliminating the earnings penalty, experienced workers who were discouraged from continuing in or rejoining the work force will have a new incentive to work. The emergence of the Internet and home computers offers tremendous opportunities for seniors to work at home. Marrying these new job opportunities with a repeal of the earnings penalty will become even more important as the Baby Boomers retire.

Third, a large number of older Americans need the income. Over half of today's workers have no pension plans

outside of Social Security. They are going to need additional sources of income to maintain their standard of living.

Some critics have expressed concern that this change would have a negative budgetary impact. I believe that by attracting more Americans back into the work force, either on a full-time or part-time basis, it will strengthen Social Security and the federal budget. And I believe they will add to the productivity of our nation.

I am pleased that the Senate has been able to come together on a strong bipartisan basis to pass this bill. The President has indicated his support and so it should become the law of the land in the next few weeks. That would be a good step forward for our Nation.

Mr. ALLARD. Mr. President. I rise to make a few comments on the Social Security earnings test elimination bill. Today I join my Senate colleagues in supporting important legislation that will benefit millions of American seniors who want to remain working after age 65 without facing a reduction in their Social Security benefits.

In America today there are roughly 800,000 Social Security recipients between the ages of 65 and 70. Under current law if you are one of those 800,000 Americans and you earn more than \$17,000 this year you will begin to see a reduction, \$1 in loss for every \$3 earned over \$17,000 in Social Security benefits. I think it is important to recognize that those being penalized are those who have been paying into Social Security their entire working lives. I have long disapproved of this punitive system that places restrictions on a person's right to work, and an employer's ability to hire the right person for the job. Too often Social Security is viewed as a handout, but for the vast majority of Americans this is an earned benefit that should not be subject to Depression-era work restrictions.

The Members of this body are familiar with the numerous obstacles facing employers, particularly small business owners, in these times of near full employment. In my home State of Colorado, our small businesses, hospitality and tourism employers are struggling to find experienced, qualified individuals even in these times of prosperity. Here in the Senate we have looked at increasing the number of guest workers visas and streamlining the visa process in an effort to provide employers with an opportunity to reach employees. While we will still consider these efforts, the passage of the Social Security earnings test elimination bill will allow employers to tap an eager and rich population of employees already living in every community in our State. Importantly, this legislation will put an end to a depressing practice that has forced working seniors to leave their jobs mid-year once their earnings threshold has been reached. Not only will America's working seniors be spared unnecessary grief, but

these seniors and their employers will be free to develop stable, life-long working relationships.

The Congressional Budget Office has estimated that this legislation will cost \$22.7 billion over the next 10 years. I understand that actuaries from the Social Security Administration have reported that this cost will be negligible over the long term. I mention this solely in the context that as we pass this legislation we recognize that this measure is associated with a cost. Congress must budget appropriately in response to this cost. Repealing the earnings limit is an idea whose time has come, whose time came years ago. Part of constructing good public policy is making hard choices. I hope that my colleagues will recognize that if we are not willing to assume the responsibilities of these costs in other areas of the budget we run the risk of continued fiscal irresponsibility that threatens Social Security and a balanced Federal budget.

Like many of my colleagues in the Senate today I had the good fortune to work on a precursor to this legislation when I served in the House of Representatives. During the 104th Congress I voted in favor of H.R. 2491, the budget reconciliation bill that carried a number of provisions outlined in the Contract with America. One of these provisions was the gradual increase of the Social Security earnings limit. In December 1995, President Clinton vetoed this legislation. I am thankful that today the Senate will pass this legislation overwhelmingly, insuring relief and increased economic freedom for America's seniors.

Mr. KOHL. Mr. President, when the Social Security system was established, a retirement test, also referred to as an earnings test, was made part of the criteria for determining an individual's benefits. This criterion was established because Social Security benefits are intended to replace, in part, earnings lost by an individual or family because of retirement, disability, or death. Therefore, benefits are withheld from individuals who show by their substantial earnings from work that they are not in fact "retired".

What this means today is that recipients aged 62-65 could earn up to \$10,080 annually without having their benefits affected, and those between 65-69 could earn up to \$17,000 a year. For earnings above these limits, recipients aged 62-65 lose \$1 in benefits for each \$2 of earnings while those between 65 and 69 lose \$1 in benefits for each \$3 in earnings. The earnings test does not apply to recipients age 70 and over, and the exempt limits increase each year at the same rate as average wages in the economy. Currently, it is estimated that there are approximately 600,000 recipients age 65-69 affected by the earnings limit test.

Today we are repealing the earnings limit for people between the full retirement age and age 69, giving them the opportunity for increased financial se-

curity, and providing an increase in skilled workers during this tight labor market.

Removing the earnings limit will provide seniors with greater independence and financial security. Today, too many Americans struggle through their retirement years trying to make ends meet. The steps we take today will allow seniors to work longer, and depend on their savings less, giving them more security into their later years. In our modern workplace it makes no sense to penalize workers for staying in the workforce longer. Congress works hard to encourage people to plan their retirement years thoughtfully, and removing the earnings limit will give working families one more tool for planning their financial future.

This move is especially timely in our tight labor market and booming economy. Removing the earnings limit will allow experienced workers to be able to stay in the workforce. I have heard from several business owners in Wisconsin who are desperate for skilled workers in a number of industries. While the long term answer to the skilled worker shortage is increased worker training and education, encouraging older workers to remain in the workforce will certainly help meet the current demand. Proven, experienced, mature workers will help our economy maintain its momentum.

We should not feel too jubilant, however, about today's accomplishment. Comprehensive Social Security Reform is still necessary. Today's changes will do nothing to hold off the coming crisis that will begin when we start drawing down the Social Security Trust fund in 2014. Congress needs to deal with this soon, otherwise we are shirking our duty to the American people.

Mr. BURNS. Mr. President, I rise today to urge all my colleagues to join me in supporting the Senior Citizens' Freedom to Work Act. It is high time we eliminated this Depression-era provision which penalizes motivated senior citizens for working to augment their Social Security income.

As the law currently stands, if a person between the ages of 65 and 69 earns more than \$17,000 per year, their Social Security benefits are reduced by \$1 for every \$3 they earn above \$17,000. That just isn't right. Ours is a society which values hard work; only our Government would devise a scheme to penalize people for working.

Before too long, in 2025, Montana will have the third largest proportion of senior citizens in the Nation. This growth rate is nationwide, however. Our country is aging and the programs which our parents relied on in their golden years need to change if they are to keep pace with the changing face of American society.

Most of the senior citizens affected by this unfair provision are those who can afford it the least. These are the very people who struggle to make ends meet every month. Many may face the impossible decision of putting food on

their tables or prescriptions in their drug cabinets. We expect retirees to augment their Social Security income with money from outside resources but then turn around and penalize them for working. Isn't it about time to bring consistency into Social Security? Eliminating the Social Security earnings limit is one important step in reforming the laws which affect our senior citizens.

I urge the Senate to follow the House of Representatives by expediting passage of this important legislation. Working seniors deserve no less.

Mr. President, I yield back the remainder of my time.

Mr. L. CHAFEE. Mr. President, I rise today to express my support for H.R. 5, the Senior Citizens Freedom to Work Act. This bill will do away with the Social Security earnings test for those individuals between the ages of 65 to 69. The earnings test has proved to be a disincentive for able and healthy senior citizens to be a productive part of the workforce. On March 1, the House of Representatives approved H.R. 5 by a vote of 422-0. Moreover, the administration has expressed its support for the bill. While I believe the amendment offered by Senator KERREY had merit, attaching it to this bill would have delayed enactment of this important legislation. Therefore, it is my belief that we should pass this bill immediately and send it to the President for his approval.

Mr. MACK. Mr. President, I want to express my strong support for repealing the Social Security Earnings Test for working seniors. Many of my colleagues and I have been working together for the past 12 years to pass this legislation. At long last, the Senate is going to retire the Social Security Earnings Test.

The Social Security Earnings Test is a 70 year old dinosaur of a law which was initiated to insure that Social Security benefits were granted specifically to retired persons. Today, unfortunately, economic reality dictates the need for many senior citizens to continue working in order to achieve a basic standard of living. The Social Security Earnings Test stands as a roadblock to independence for tens of thousands of seniors throughout the United States. Furthermore, America's seniors represent a wealth of talent and skill. A national policy which discourages them from working is simply counterproductive.

Clearly, few other states have been as impacted by the unfair Social Security Earnings Test as the people in my home state of Florida. I've seen firsthand the impact upon Seniors of laws which limit income. We have already seen the impact caused by President Clinton's 1993 tax hike on Seniors, when he raised the Social Security benefit tax from 50% up to 85%. When are we, as a nation, going to stop penalizing success?

It's not a group of greedy millionaires who are being impacted by the

earnings test restrictions. It's lower and moderate income Seniors who need some relief from their government to simply survive. In Florida, we are talking about grandparents who live on Social Security plus any outside work they can get. And if you have grandma in the hospital or a nursing home fighting Alzheimer's Disease, and grandpa has to go find some work to pay the bills, the Social Security Earnings Test is simply another hurdle they have to overcome.

Several years ago, I was visiting a worksite in Safety Harbor, Florida where I met with a group of working Seniors. I asked them why they were working past the traditional retirement age. Some said they simply wanted to have a reason to get out of the house and do something productive. Others said they needed the additional income to take care of a loved one. Still others said they wanted to maintain a certain lifestyle without Federal interference.

But I was most struck by one gentleman who said to me, "Senator, we live in a throw away society. Don't let them throw us away." What this gentleman was saying was that the message the Earnings Test sends is that society no longer needs you. How can we, as a society, say such a thing? Clearly, we shouldn't.

Finally, consider this thought. Baseball fans might remember my grandfather, Connie Mack, who spent many years in major league baseball. In 1929, he managed the World Champion Philadelphia Athletics. In 1929, he was 66 years old. Suppose he had succumbed to the idea that, at that age, there was no purpose for pursuing one's ideas, one's dreams in life. Suppose he had been told by our nation that he was no longer of value to society. He might not have had the opportunity to produce that great team. Fortunately, we didn't have a law which could have forced him into retirement.

The Federal government is sending a message to working Seniors that they are over the hill. The only thing that is over the hill is the Earnings Test. We need to retire the Earnings Test, not our Seniors.

Mr. ROTH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. FRIST). Is there a sufficient second?

There appears to be a sufficient second.

Who seeks time?

Mr. ROTH. Mr. President, we yield back any remaining time.

Mr. MOYNIHAN. Mr. President, we yield back any remaining time.

The PRESIDING OFFICER. All time having been yielded back, under the previous order, the clerk will read the bill for the third time.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the

question is. Shall the bill pass? The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 42 Leg.]

YEAS—100

Abraham	Feingold	Mack
Akaka	Feinstein	McCain
Allard	Fitzgerald	McConnell
Ashcroft	Frist	Mikulski
Baucus	Gorton	Moynihan
Bayh	Graham	Murkowski
Bennett	Gramm	Murray
Biden	Grams	Nickles
Bingaman	Grassley	Reed
Bond	Gregg	Reid
Boxer	Hagel	Robb
Breaux	Harkin	Roberts
Brownback	Hatch	Rockefeller
Bryan	Helms	Roth
Bunning	Hollings	Santorum
Burns	Hutchinson	Sarbanes
Byrd	Hutchison	Schumer
Campbell	Inhofe	Sessions
Chafee, L.	Inouye	Shelby
Cleland	Jeffords	Smith (NH)
Cochran	Johnson	Smith (OR)
Collins	Kennedy	Snowe
Conrad	Kerrey	Specter
Coverdell	Kerry	Stevens
Craig	Kohl	Thomas
Crapo	Kyl	Thompson
Daschle	Landrieu	Thurmond
DeWine	Lautenberg	Torricelli
Dodd	Leahy	Voivovich
Domenici	Levin	Warner
Dorgan	Lieberman	Wellstone
Durbin	Lincoln	Wyden
Edwards	Lott	
Enzi	Lugar	

The bill (H.R. 5), as amended, was passed.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the previous order be postponed for 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, this is a moment of high achievement. Is there anybody about who can remember when a substantive piece of legislation affecting millions of Americans and dealing with the Social Security Act would pass this Chamber 100-0? I can't in my 24 years.

In my 24 years, I have not seen the like.

I congratulate the chairman who had the wisdom to bring up the matter, hold it at the desk, and do it this way.

When the President gets back, I am sure the first thing he will do is sign it, or we can put it on a plane and send it to meet him halfway in Geneva.

But congratulations.

Mr. ROTH. Mr. President, I thank the distinguished ranking member, Senator MOYNIHAN, for his kind and gracious but too generous remarks. I know we were able to get this accomplished through his leadership. As I said earlier, I do not only want to congratulate him for his role today, but for his continuing role in his many years of service in the Senate. I thank him for his leadership, for his contribution, and for his steadiness on this most important matter.

*March 22, 2000*

I also say to my distinguished colleague that it is important we recognize the staff who worked so hard on this historic measure on the majority side.

I thank Frank Polk. Alec Vachon of the majority staff; on the minority side, David Podoff and Jon Resnick. I also thank David Koitz of the Congressional Research Service, Ruth Ernst of the Senate Legislative Counsel, and Kathy Ruffing of the Congressional Budget Office. Frankly, if it had not been for their hours of long staff work, this historic bill would not have been possible.

Mr. President, I yield the floor.



***In the Senate of the United States,***

*March 22, 2000.*

*Resolved,* That the bill from the House of Representatives (H.R. 5) entitled “An Act to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.”, do pass with the following

**AMENDMENT:**

1       Page 2, line 1, strike out all after “**SECTION**” over  
2 to and including line 3 on page 7 and insert:

3 **1. SHORT TITLE.**

4       *This Act may be cited as the “Senior Citizens’ Free-*  
5 *dom to Work Act of 2000”.*

6 **SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS**

7                                   **WHO HAVE ATTAINED RETIREMENT AGE.**

8       *Section 203 of the Social Security Act (42 U.S.C. 403)*  
9 *is amended—*

10                   (1) *in subsection (c)(1), by striking “the age of*  
11 *seventy” and inserting “retirement age (as defined in*  
12 *section 216(l))”;*

1           (2) in paragraphs (1)(A) and (2) of subsection  
2           (d), by striking “the age of seventy” each place it ap-  
3           pears and inserting “retirement age (as defined in  
4           section 216(l))”;

5           (3) in subsection (f)(1)(B), by striking “was age  
6           seventy or over” and inserting “was at or above re-  
7           tirement age (as defined in section 216(l))”;

8           (4) in subsection (f)(3), by striking “age 70” and  
9           inserting “retirement age (as defined in section  
10          216(l))”;

11          (5) in subsection (h)(1)(A), by striking “age 70”  
12          each place it appears and inserting “retirement age  
13          (as defined in section 216(l))”; and

14          (6) in subsection (j)—

15                (A) in the heading, by striking “Age Sev-  
16                enty” and inserting “Retirement Age”; and

17                (B) by striking “seventy years of age” and  
18                inserting “having attained retirement age (as de-  
19                fined in section 216(l))”.

20 **SEC. 3. NONAPPLICATION OF RULES FOR COMPUTATION OF**  
21 **EXEMPT AMOUNT FOR INDIVIDUALS WHO**  
22 **HAVE ATTAINED RETIREMENT AGE.**

23           (a) *IN GENERAL.*—Section 203(f)(8) of the Social Se-  
24           curity Act (42 U.S.C. 403(f)(8)) is amended by adding at  
25           the end the following new subparagraph:

1           “(E) Notwithstanding subparagraph (D), no de-  
2           ductions in benefits shall be made under subsection  
3           (b) with respect to the earnings of any individual in  
4           any month beginning with the month in which the in-  
5           dividual attains retirement age (as defined in section  
6           216(l)).”.

7           (b) *CONFORMING AMENDMENT*.—Section 203(f)(9) of  
8           the Social Security Act (42 U.S.C. 403(f)(9)) is amended  
9           by striking “and (8)(D),” and inserting “(8)(D), and  
10          (8)(E),”.

11       **SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

12          (a) *ELIMINATION OF REDUNDANT REFERENCES TO*  
13        *RETIREMENT AGE*.—Section 203 of the Social Security Act  
14        (42 U.S.C. 403) is amended—

15               (1) in subsection (c), in the last sentence, by  
16               striking “nor shall any deduction” and all that fol-  
17               lows and inserting “nor shall any deduction be made  
18               under this subsection from any widow’s or widower’s  
19               insurance benefit if the widow, surviving divorced  
20               wife, widower, or surviving divorced husband involved  
21               became entitled to such benefit prior to attaining age  
22               60.”; and

23               (2) in subsection (f)(1), by striking clause (D)  
24               and inserting the following: “(D) for which such indi-  
25               vidual is entitled to widow’s or widower’s insurance

1        *benefits if such individual became so entitled prior to*  
2        *attaining age 60,”.*

3        (b) *CONFORMING AMENDMENT TO PROVISIONS FOR*  
4        *DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DE-*  
5        *LAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the So-*  
6        *cial Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended*  
7        *by striking “or suffered deductions under section 203(b) or*  
8        *203(c) in amounts equal to the amount of such benefit” and*  
9        *inserting “or, if so entitled, did not receive benefits pursu-*  
10       *ant to a request by such individual that benefits not be*  
11       *paid”.*

12       **SEC. 5. EFFECTIVE DATE.**

13       *The amendments made by this Act shall apply with*  
14       *respect to taxable years ending after December 31, 1999.*

Attest:

*Secretary.*

106<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 5**

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**AMENDMENT**



The SPEAKER pro tempore. The Clerk will designate the motion.

The text of the motion is as follows:  
Mr. SHAW moves to concur in the Senate amendment to H.R. 5.

The text of the Senate amendment is as follows:

Senate amendment:  
Page 2, line 1, strike out all after "SECTION" over to and including line 3 on page 7 and insert:

**1. SHORT TITLE.**

*This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".*

**SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3), by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—  
(A) in the heading, by striking "Age Seventy" and inserting "Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

**SEC. 3. NONAPPLICATION OF RULES FOR COMPUTATION OF EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

(a) *IN GENERAL.*—Section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended by adding at the end the following new subparagraph:

*"(E) Notwithstanding subparagraph (D), no deductions in benefits shall be made under subsection (b) with respect to the earnings of any individual in any month beginning with the month in which the individual attains retirement age (as defined in section 216(l))."*

(b) *CONFORMING AMENDMENT.*—Section 203(f)(9) of the Social Security Act (42 U.S.C. 403(f)(9)) is amended by striking "and (8)(D)," and inserting "(8)(D), and (8)(E)."

**SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

(a) *ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.*—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60."; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60.".

(b) *CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.*—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended by striking "or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit" and inserting "or, if so entitled, did not receive benefits pursuant to a request by such individual that benefits not be paid".

**SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000**

Mr. SHAW. Madam Speaker, I ask unanimous consent that it be in order at any time today to take from the Speaker's table H.R. 5, with a Senate amendment thereto, and to consider in the House a motion offered by the Chairman of the Committee on Ways and Means, or his designee, that the House concur in the Senate amendment, that the Senate amendment and the motion be considered as read; that the motion be debatable for 1 hour equally divided and controlled by the chairman and ranking member of the Committee on Ways and Means, or their designees; and that the previous question be considered as ordered on the motion to final adoption without intervening motion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SHAW. Madam Speaker, pursuant to the unanimous consent request just agreed to, I call up the bill (H.R. 5) to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

The Clerk read the title of the bill.

MOTION OFFERED BY MR. SHAW

Mr. SHAW. Madam Speaker, I offer a motion.

**SEC. 5. EFFECTIVE DATE.**

The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1999.

The SPEAKER pro tempore. Pursuant to the order of the House today, the gentleman from Florida (Mr. SHAW) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. SHAW).

(Mr. SHAW asked and was given permission to revise and extend his remarks.)

**GENERAL LEAVE**

Mr. SHAW. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 5.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SHAW. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I strongly support H.R. 5, legislation to repeal the earnings penalty for hard-working seniors age 65 and over.

Madam Speaker, I am especially pleased that the Senate acted quickly and unanimously in support of this important legislation. The technical changes made in the Senate improve on the legislation passed unanimously by this House, and I urge all Members to once again support this excellent bill.

Due to this quick work, seniors will soon receive all the benefits that they are owed, even if they continue to work after reaching the age of 65. That is their choice. As the name of our legislation suggests, they deserve the freedom to choose to work without losing Social Security benefits.

It is worth noting that many seniors now affected by the earnings limit will receive back payments from months this year that they have lost their Social Security benefits. That will be a welcome relief for many, including some who have lost Social Security benefits for years due to this unfair penalty. Seniors can save this money for their future, use it to help with their grandchildren's college education, or buy prescription drugs. Again, it is their money and it should be their choice.

Madam Speaker, ending the earnings penalty is the right thing to do. It is also an affordable thing to do, as the Social Security Administration's independent actuaries have told us. They agree this legislation will not affect the soundness of the Social Security program and its trust funds.

We still must address Social Security's long-term financial imbalance, but we were very careful to ensure this legislation does not make that task any more difficult than it already is.

I would like to congratulate the gentleman from Texas (Mr. SAM JOHNSON), our colleague, and the gentleman from Minnesota (Mr. PETERSON) who first in-

roduced this legislation at the beginning of this Congress. I also congratulate the gentleman from Texas (Chairman ARCHER) for his years of tireless work in relaxing and now repealing the earnings penalty. He is a personal testament to what hard-working seniors can do. In large part, passing this legislation is a tribute to his tireless devotion to helping our Nation's taxpayers, including the seniors who have spent decades working to support their families, their businesses, and this great country.

Madam Speaker, I urge all Members to support this outstanding legislation. Our hard-working seniors deserve no less. I would also like to pay tribute to the minority side and thank the gentleman from New York (Mr. RANGEL) and the gentleman from California (Mr. MATSUI) for making this really a landmark bipartisan bill and one that every Member of the House can be very proud to support.

Mr. Speaker, since there will be no House-Senate conference, and the Senate manager's amendment to H.R. 5 proceeded without a full committee report being filed by the Finance Committee, I believe a brief explanation is in order of the differences between the legislation before us today and the version of H.R. 5 that was approved by the House on March 1, 2000.

First, some background is needed. Under current law there are two separate senior earnings limits: a stricter limit that affects those who start drawing Social Security benefits before reaching the full retirement age (which is currently age 65) and a more lenient limit affecting seniors who have reached the full retirement age. After reaching age 70, seniors are no longer affected by an earnings limit. The stricter earnings limit is \$10,080 this year, with a 50% benefit offset for earnings above the limit. The more lenient limit is \$17,000, with a 33% benefit offset for earnings above the limit. H.R. 5 repeals the earnings limit for seniors who reach the full retirement age.

The legislation before the House today is slightly modified from the version that passed unanimously on March 1 with respect to the earnings limit for the first months of the calendar year during which a senior reaches the full retirement age. For seniors turning 65 in 2000, the issue is what earnings limit will apply for months prior to their 65th birthday (that is, while they are still 64)? Under the legislation previously approved by the House, the more lenient limit would apply for such months for seniors who turn 65 in 2000; for seniors who reach the full retirement age in future years, the stricter limit would apply during those months. Under the legislation we are considering today, the more lenient limit would apply for such months in all years.

I am pleased that the House is supporting this change today, which has the effect of slightly broadening the relief from the earnings penalty afforded by the version of H.R. 5 the House has already passed. It is worth noting that this change will not affect Social Security's long-run financial soundness, just as the underlying H.R. 5 would not affect program solvency. This change is certainly in keeping with the spirit of H.R. 5, which is designed to help seniors who want or have to work to bet-

ter support themselves and their families. These hardworking seniors deserve to keep the benefits they have paid for, as this legislation provides.

Madam Speaker, I reserve the balance of my time.

Mr. RANGEL. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I would like to congratulate the gentleman from Florida (Mr. SHAW) and the gentleman from Texas (Mr. ARCHER), chairman of the Committee on Ways and Means, for the cooperation that they gave to us in the minority in indicating that this would be a priority piece of legislation. It gave those of us on the Committee on Ways and Means the opportunity to get the support of our Members on this side of the aisle and to demonstrate how cooperation can have both sides of the aisle working a lot more closely.

We hope that this sign of cooperation means that before this year ends, that we will have the opportunity to show that there are plenty of differences between our parties and how we achieve the goals, and we do not challenge each other's intent in terms of what is good for this country, but certainly there should be a lot of things that we can agree upon. I think it would be healthy and it would be the right political thing for us as an institution to bring those things forward, Democrats and Republicans, to show the House, to show the other body, and indeed to show the President and the country that we are a body that can work.

This is a good piece of legislation. It is long overdue. The manner in which it has received overwhelming support is just indicative of what we can do when we put our minds to it.

Madam Speaker, I ask unanimous consent to yield the balance of my time to the distinguished gentleman from California (Mr. MATSUI), ranking member of the Subcommittee on Social Security, and that he may control the time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SHAW. Madam Speaker, I reserve the balance of my time.

Mr. MATSUI. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, first of all, I would like to just reiterate what the gentleman from New York (Mr. RANGEL), ranking member on the Committee on Ways and Means, has said. First of all, I want to commend the gentleman from Texas (Chairman ARCHER) for his bipartisan approach on this legislation. And, of course, the gentleman from New York (Mr. RANGEL) for his leadership on the Democratic side.

I want to pay particular thanks and commendation to the gentleman from Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security. I think he did a tremendous job on moving the bill from the subcommittee

to the full committee and the floor of the House.

Obviously, Democrats and Republicans working together made sure that the other body kept their amendments to a minimum. We just appreciate the cooperation and the bipartisan spirit. I think, that both sides of the aisle have had. But I do want to take that moment to make that observation.

Madam Speaker, I would just like to very briefly reiterate some of the things that have been said before. The Senate had two technical amendments to our legislation. Both were very technical in nature and actually improved the basic underlying legislation.

As a result of that, we think that this bill should have, as it had when it left the House, unanimous approval. 422 Members voted for it and no Member voted against it.

This will go a long way in encouraging senior citizens who are so needed when the unemployment rate is under 5 percent, to stay in the workforce. These are people that undoubtedly have years and years of experience and a wealth of knowledge to pass on to their co-workers, and to ensure that they can stay in the workforce and garner the same wages without any penalty is something that the Congress is now about to do in sending this bill to the President.

Certainly, I think it is a major achievement. Obviously, we have a long ways to go in terms of ultimately the comprehensive Social Security reform. And I think the gentleman from Florida and myself and others such as the gentleman from Texas (Mr. STENHOLM) that have been working on comprehensive reform know that that is a task that looms before us. This action, in and of itself, should not deter us from trying to grapple with that very difficult and complex subject. And we know that there is partisan undertones to it. We also know that it is very difficult to deal with. But we are going to have to address that particular issue.

So, again, I urge my colleagues to vote in favor of this conference report so we can send it immediately to the President. And, again, I want to commend all individual Members who have worked on this legislation, including, I might add, I saw him come in, the gentleman from Texas (Mr. SAM JOHNSON), a member of the Committee on Ways and Means, and, of course, the gentleman from Minnesota (Mr. PETERSON) on the Democratic side who were the original two cosponsors of this legislation.

Madam Speaker, I want to congratulate my colleagues for all their hard work on this bill. I am very pleased to be here today to see this bill through another step toward becoming law.

Our vote today signals the end of the Social Security retirement earnings test for people who have reached the normal retirement age. This is a remarkable event because as the title of the bill indicates, we are freeing our seniors from the work limits imposed by current law.

No longer will the most experienced members of our labor force have to experience a

reduction in their Social Security benefits if they choose to work. No longer will seniors have to calculate just how many months and days each year they can work without hitting that earnings limits.

This is good for senior citizens who want to work, good for our workforce which benefits from the experience and knowledge of older workers, and of course good for the economy.

Repealing the retirement earnings test will allow thousands of Social Security recipients to work without a reduction in their benefits. The Social Security Administration estimates that in 1999, 793,000 beneficiaries between the ages of 65 and 69 had some or all of their benefits withheld because of the retirement earnings tests.

By allowing beneficiaries to work without suffering a reduction in benefits, more older workers may decide to remain in, or to return to, the labor force.

Repealing the retirement earnings test will not affect Social Security's finances over the long run and would not change the date by which the Social Security Trust Funds are projected to be exhausted. Repealing the retirement earnings test for beneficiaries above the normal retirement age has a short-run cost, but over the long run, that cost is entirely offset.

Further, repealing the retirement earnings test will make the Social Security program easier and less expensive to administer. The Social Security Administration estimates that savings from the cost of administering the earnings test could be as high as \$100 million.

I am particularly pleased that the only modification to the bill that the Senate accepted was a relatively minor one and one that improves the bill. The amendment adopted by the Senate changes the way in which the bill applies to Social Security beneficiaries during the year in which they reach the normal retirement age and ensures that no one will be worse off under this bill than under current law. I am certain that no Member of the House will have an objection to this change and I look forward to sending this bill quickly to the President for his signature.

I'd like to point out that not a single Member of Congress has voted against this bill, a clear testament to the bipartisan support it has received. When the bill was first considered by the House, it passed 422-0.

When the bill was considered by the Senate, it passed 100-0. I expect the outcome of our vote today to be the same.

Additionally, our support for H.R. 5 sends a clear signal that by working together, Democrats and Republicans, we can accomplish much more than we could by working at odds.

Over the past several weeks, as this bill moved through the Ways and Means Committee, the House floor, and the Senate, Members have set aside their differences so that this bill could proceed and we could achieve a victory for seniors who need to work without penalty. I am proud of our accomplishment.

I am extremely pleased that the Congress has addressed the earnings test in a bipartisan manner, and I remain hopeful that the Congress might address other much-needed Social Security legislation in the same fashion to deal with the shortfall that the system will face in the coming decades.

Again, I want to thank my colleagues again for all their hard work. This is truly an historic day and a big victory for our senior citizens.

Madam Speaker, I reserve the balance of my time.

Mr. SHAW. Madam Speaker, I yield 2½ minutes to the gentleman from Pennsylvania (Mr. ENGLISH), a respected member of the Committee on Ways and Means.

Mr. ENGLISH. Madam Speaker, I would like to thank the gentleman from Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security, and the gentleman from Texas (Mr. SAM JOHNSON), my distinguished colleague, for their extraordinary efforts as well as my colleagues on the other side of the aisle.

Madam Speaker, right now the Social Security system places a higher tax penalty on working seniors than on billionaires. We have been sending seniors the message that when they hit retirement age, we do not want them anymore. The earnings limit that was created 60 years ago is a relic of Depression era economics that says that seniors should make room for younger workers. But we all know, seniors add more to the workforce and more to the economy than they could ever take away. They add their years of experience and their talents.

H.R. 5 repeals the earnings limit which unfairly punishes seniors who earn more than \$17,000 a year. That is not a lot. This legislation has received virtually unanimous support in the House and Senate, but more importantly, a ground swell of support from our constituents. After all, a 65-year-old who works as a barber or a cashier currently loses \$500 in benefits just because they have earned \$18,500 a year. That is absurd. This arbitrary limit serves as a barrier to many low- and middle-income seniors who need to work in order to improve their quality of life or even to make ends meet.

The Social Security Administration reports that more than 800,000 working seniors between the ages of 65 and 69 lose part or all of their Social Security benefits due to this outdated earnings limit.

□ 1715

My own State of Pennsylvania ranks sixth with the number of seniors adversely affected by that earnings limit. It is important that Congress protect the dignity of retirement. The time has come for us to unshackle the creative energies of America's seniors.

Today, by supporting this legislation, Congress says to seniors, you may choose to work, choose to remain part of the productive economy, and choose to share your talents, and we will not punish you.

Mr. MATSUI. Madam Speaker, I yield 3 minutes to the distinguished gentleman from Maryland (Mr. CARDIN), a member of the Committee on Ways and Means.

Mr. CARDIN. Madam Speaker, let me thank the gentleman from California (Mr. MATSUI) for yielding me this time and for his work on bringing this legislation forward and the gentleman from

Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security.

This is a very important piece of legislation. It will be enacted, I think, very shortly once we complete our action and it is forwarded to the President. It will affect 800,000 seniors who have had their Social Security checks reduced just because they decided to continue to work. That makes no sense at all.

We need more workers in the workforce, not less. In today's economy and with the shrinking workforce that we have of more people retiring and less people working, it makes common economic sense to allow those 65 years of age who want to work to be able to work.

Without this legislation, the marginal tax rate is 33 percent. That is unacceptable. That is why we are changing it. It is interesting that this particular legislation will have no impact on the long-term solvency of the Social Security system, for it is a plus in having people work and contributing to the system.

It also benefits women more than men, because women's work history is not as strong, generally, as men. This will allow women to be able to continue to work without being penalized under the Social Security system.

Madam Speaker, this legislation becomes effective January 1. It is retroactive to the current year, as it should be, so that individuals in this current year will be able to get their full Social Security benefits without the reduction for their work.

As the gentleman from Florida (Mr. SHAW), Chair of the Subcommittee on Social Security, pointed out, we are able to do this even though we cannot bring forward at this point comprehensive Social Security reform. I think we would all like to do that. We know that we need to deal with the Social Security system in a broader context, but we have an agreement on this very important piece of legislation, so we are bringing that forward. We are doing it in a bipartisan way.

Madam Speaker, as the gentleman from New York (Mr. RANGEL), the ranking member of the Committee on Ways and Means, said, we should use this as a model to work together, Democrats and Republicans, to bring other legislation forward.

I think about the need for seniors for prescription drugs. We may not be able to agree on Medicare reform; but we can agree, I would hope, on prescription drugs.

Let us in a bipartisan way bring that forward, which will also help our seniors.

This is a good day for seniors. It is a good day for our Nation. I congratulate all involved.

Mr. SHAW. Madam Speaker, I yield 2½ minutes to the gentleman from Texas (Mr. SAM JOHNSON), a member of the Committee on Ways and Means and one of the original sponsors of H.R. 5.

Mr. SAM JOHNSON of Texas. Madam Speaker, I thank all on both sides of the aisle for their support.

Today, 800,000 seniors are one step closer to gaining their freedom to work. It sounds unbelievable, does it not? To think that, since 1935, when Social Security was first proposed, we have been penalizing our seniors for working. That is right. Since the inception of the Social Security system, our seniors have lost \$1 in benefits for every \$3 they earn over a set amount.

Currently, as was stated, seniors may only earn \$17,000 before losing their benefits.

But today, thanks to the hard work and dedication of the gentleman from Texas (Chairman ARCHER); Speaker HASTERT; the gentleman from Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security, we find ourselves ready to pass the Senior Citizens' Freedom To Work Act, a bill I introduced last year.

I know that 64,500 seniors in Texas alone, including Tony Santos and his family, whom I spoke of earlier, are going to celebrate their new-found freedom to work.

I fought in both Korea and Vietnam for freedom, and I believe that includes the freedom for our seniors to work without being penalized by the Federal Government.

Our seniors are dedicated, experienced workers who have endured this Depression-era law for far too long. We are in a new century, 60 years past the Great Depression, where laws passed in 1935 are no longer relevant.

This Nation was built by generations of Americans who believed in the free enterprise system. In the words of Thomas Edison, "There is no substitute for hard work." This legislation will make sure that our seniors have the freedom to work, save, and invest in a better America for tomorrow.

Mr. MATSUI. Madam Speaker, I yield 3 minutes to the gentleman from Texas (Mr. STENHOLM), the distinguished ranking Democrat on the Committee on Agriculture, who has been really one of the leaders in the whole Social Security reform issue.

Mr. STENHOLM. Madam Speaker, I thank the gentleman from California for yielding me this time, and I appreciate the leadership of him and the gentleman from Florida (Mr. SHAW) on this effort and other efforts regarding Social Security.

I strongly support repeal of the Social Security earnings limit. In fact, repeal of the Social Security earnings limit has been part of the comprehensive Social Security legislation that the gentleman from Arizona (Mr. KOLBE) and I introduced in the last two Congresses.

However, I do want to take this time to reiterate my disappointment that we are considering legislation to increase Social Security benefits without even discussing the long-term financial challenges facing Social Security. We should have spent the last year working on a comprehensive plan to strengthen Social Security that would restore solvency, reduce unfunded li-

abilities, give workers greater control of their retirement income, improve the safety net, and reward work.

But we, both the President and Congress, have ignored our opportunity to deal with the long-term challenges facing Social Security.

Later this week, the Social Security trustees will issue their annual report which will show that the short-term outlook for Social Security has improved slightly. We cannot afford to let this good news distract us from the problems that remain. While the short-term outlook for the Social Security Trust Fund may be improved, the long-term problems and the pressures facing the rest of the budget may actually be worse.

When the Senate considered this legislation, Senator JUDD GREGG proposed an amendment which would have made a modest step in advancing the discussion about the challenges facing Social Security among policy makers and the public. The Gregg amendment would have required the commissioner of Social Security to provide the public and policy makers with easily understood and readily available information about the financial challenges facing Social Security. The purpose of the amendment was simply to encourage a more honest discussion of the challenges facing Social Security.

Unfortunately, the Senate did not have time to discuss these issues when it considered the earnings bill. However, the Senate Finance Committee chairman did indicate his willingness to work with Senator GREGG on this issue later this year.

I would respectfully encourage the gentleman from Texas (Mr. ARCHER), chairman of the Committee on Ways and Means, and the gentleman from Florida (Mr. SHAW), chairman of the Subcommittee on Social Security, to conduct hearings on these recommendations so that they may receive the attention they deserve.

More importantly, I encourage all of my colleagues to remember that we still have serious financial problems facing Social Security that must be addressed. So while all Members should vote for the earnings limit repeal today for the reasons we have so eloquently heard made already, we should not forget that we still have much hard work to do in making sure that Social Security remains financially sound for our children and for our grandchildren.

Mr. SHAW. Madam Speaker, I yield 2½ minutes to the gentleman from Arizona (Mr. HAYWORTH), a respected member of the Committee on Ways and Means.

Mr. HAYWORTH. Madam Speaker, I thank the gentleman from Florida, the chairman of the Subcommittee on Social Security from our Committee on Ways and Means, for yielding me this time.

Madam Speaker, I appreciate the gentleman from Texas (Mr. SAM JOHNSON) lamenting a long-term solution to the Social Security challenges that we

face. But I think a word is in order to put this debate and this challenge in context. One of the elemental lessons we learn in civics class is that the President proposes; the Congress disposes.

Sadly, executive leadership has been lacking and, indeed, missing when it comes to a serious, long-term solution of Social Security challenges we face.

Now it is true the gentleman from Texas (Mr. SAM JOHNSON), along with the gentleman from Arizona, have one remedy that they have proposed. The gentleman from Florida (Mr. SHAW), the chairman of the subcommittee, and the gentleman from Texas (Mr. ARCHER), the chairman of the full committee, likewise, have a long-term solution.

But, again, the missing ingredient, sadly, is effective leadership from the administration; and it looks like it will take a verdict of the people on the first Tuesday following the first Monday in November to make that change.

However, Madam Speaker, it is well worth asking the question, what took us so long to correct the injustice that at long last this House will correct tonight? Since the mid-1930s, since the advent of the Social Security program, those seniors who chose to work past retirement age have been penalized to the tune of \$1 out of every \$3 of benefits earned, simply because they chose to work.

Now, with a labor shortage, with so many senior Americans, healthy, willing and able to work, at long last, this House has moved to correct this inequity.

Again, Madam Speaker, I welcome my colleagues on the left who join with us at long last in this bipartisan effort. But, again, Madam Speaker, the question that so many Americans will continue to ask is, why did it take so long? Even as we deal with the responsible question of a long-term remedy for Social Security, the question remains, why did it take the denizens of the left so long to join with us?

Even as we extend the hand of bipartisanship, we welcome now this new-found coalition. We hope that it will result in other moves to restore tax fairness and balance for all Americans. But this important step we take, and we welcome the newcomers to this endeavor with the hand of bipartisanship.

Mr. MATSUI. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, one of the issues I think that the gentleman from Arizona (Mr. HAYWORTH) raised of why are we doing this now, if we would have done it 3 or 4 years ago, we would have had either taken it out of Defense or perhaps other domestic programs or else increased the deficit. We have a surplus now. As a result of that, we were able to do it without cutting other programs, including the Defense budget.

In addition, I would just add that, over the length of the Social Security program itself, we will not see any lost

revenues because there is a pick up of revenues in terms of the credit that is given.

So the reason we did it is quite simple, we have a surplus. We did not have a surplus before.

Mr. KLECZKA. Madam Speaker, will the gentleman yield?

Mr. MATSUI. I yield to the gentleman from Wisconsin.

Mr. KLECZKA. Madam Speaker, the only reason I rise is to ask if the gentleman from California (Mr. MATSUI) would respond to a question.

Mr. MATSUI. Yes, Madam Speaker.

Mr. KLECZKA. Madam Speaker, the gentleman from Arizona (Mr. HAYWORTH), the previous speaker, indicated that there was no initiative coming from this administration on this proposal. I believe the gentleman from California served during the Bush administration and Reagan administration. Does he recall similar legislation coming down from either President Reagan or President Bush asking Congress to repeal the earnings limit?

Mr. MATSUI. Madam Speaker, I think President Reagan did, but I do not know if President Bush did. I am not quite sure.

Mr. KLECZKA. Okay, Madam Speaker.

Mr. MATSUI. Madam Speaker, I reserve the balance of my time.

Mr. SHAW. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I think the old adage comes to mind of never ask a question that you do not know the answer to.

Madam Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. ARCHER), the chairman of the Committee on Ways and Means.

Mr. ARCHER. Madam Speaker, I thank the gentleman from Florida for yielding me this time.

Madam Speaker, today is a great day for hundreds of thousands of working seniors across this country. It is also a special day for me personally, because it is a culmination of my 27-year effort to repeal the earnings limit.

In fact, I introduced a bill to do so in 1973, and we have taken out of the archives a copy of that bill, H.R. 10148. The reason to repeal the earnings penalty then was the same as it is today, it is simply wrong.

Twenty-seven years is a long time to wait for me. But I am more thrilled that working seniors will not have to wait any longer to be free from this punishing tax.

I also want to thank the gentleman from Texas (Mr. SAM JOHNSON) and the gentleman from Florida (Mr. SHAW), chairman of the subcommittee on Social Security, for their tireless efforts on this bill.

The Social Security earnings limit is not only wrong, it is unfair, and it is backwards.

□ 1730

The earnings penalty actually cuts Social Security benefits from many

working seniors over the age of 65 and gives them the highest effective tax rate of their entire lives at a time when senior citizens should be realizing lower taxes. It discourages them from working. And why in the world would we want to discourage any American, whether they are 16 or 67, from working?

Clearly, repealing this penalty is the right thing to do. More seniors are choosing to work today past their retirement for many reasons: for their own financial needs, to help their families or their grandchildren through school, or for their own personal fulfillment. The point is Americans are living longer now and older Americans can and do make a great contribution to our society. They should not be punished.

In addition, repealing the earnings penalty will now unleash the productivity of one of the most experienced and talented workforces in this country at a time when our growing economy needs it and will need even more of it in the new century. This is clearly a win-win for everyone, which is why the bill today enjoys widespread bipartisan support.

In summary, repealing the earnings penalty is based on the fundamental principles of fairness and freedom. Seniors can now be free to work without penalty and be treated fairly by a program that they paid into their entire lives.

The victory today goes to the hundreds of thousands of older Americans who do not see retirement as an end but as a new beginning.

Mr. SHAW. Madam Speaker, may I inquire as to how much time remains on either side?

The SPEAKER pro tempore (Mrs. BIGGERT). The gentleman from Florida (Mr. SHAW) has 17½ minutes remaining, and the gentleman from California (Mr. MATSUI) has 19 minutes remaining.

Mr. SHAW. Madam Speaker, I yield 2½ minutes to the gentlewoman from Washington (Ms. DUNN), a member of the Committee on Ways and Means.

Ms. DUNN. Madam Speaker, I thank the gentleman for yielding me this time, and I rise today in enthusiastic support for H.R. 5, the Senior Citizens' Freedom to Work Act.

It is really a joy to be on the floor and be debating this bill in concert with the minority. It is a great feeling that we all believe this is something that needs to be changed for the fairness of our Nation's valued seniors.

The Social Security earnings penalty is yet another aspect of the Social Security System that just no longer applies to today's society. It is a 60-year old system. It was written in the 1930s, and it just does not work any longer, and that is why we unite today in wanting to change this provision.

Seniors are living longer, healthier lives and we need their strength and their experience in our communities. We need their examples and their institutional memories to provide the example to young new workers who are moving into the job market.

In my State, Washington State, some of our very best workers right now are sitting in rocking chairs because they cannot afford the loss of their Social Security income that would come with their continuing in their jobs. Thirteen thousand seniors in my State are being forced to choose between the jobs that they love or need and losing the retirement income for which they have worked all their lives. This is not only wrong, as our chairman said, but it keeps an intelligent and productive part of the work force at home.

Seniors who are currently retired have been called the greatest generation for the sacrifices they made in defending freedom and building America into the world's only remaining economic and military superpower. It is time that we honor their contributions to America by allowing them to continue to give one of the most precious gifts of all to us: Their work ethic.

Madam Speaker, I urge my colleagues to support this very important bill.

Mr. SHAW. Madam Speaker, I yield 2 minutes to the gentleman from New York (Mr. GILMAN), the chairman of the Committee on International Relations.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Madam Speaker, I thank the gentleman for yielding me this time, and I rise today to strongly support the Senate amendments for H.R. 5, the Senior Citizens' Freedom to Work Act.

This modified bill removes earnings limits for working seniors who receive Social Security. For too many years seniors aged 65 to 69, who chose to continue to work, had their Social Security benefits deducted by \$1 for every \$3 earned when their total earnings exceeded \$12,500 annually.

The 104th Congress, with my support, made a needed change, raising the earnings limit to \$30,000 by the year 2002. This year's earnings limit went up to \$17,000. I have long believed that more needed to be done on this issue. Ever since coming to Washington in our 93rd Congress, I have introduced legislation to either raise the earnings limit or eliminate it all together.

The Social Security earnings limit only serves to discourage seniors from working and diminishes their potential impact on society. It is a condescending regulation. It conveys a message that seniors have nothing to contribute and are better off not serving in the workforce. And, of course, that is not true.

It is gratifying the President has voiced his support for eliminating the earnings limit. I commend the Committee on Ways and Means for their attention to this issue; and, likewise, the Senate should be commended for their rapid attention in bringing the measure to the floor, making their legislation retroactive to December 31, 1999, so that those seniors who turn 65 this

year may take full advantage of this bill's benefits.

Accordingly, Madam Speaker, I urge my colleagues to join in supporting this worthy legislation.

Mr. SHAW. Madam Speaker, I yield 2½ minutes to the gentleman from Michigan (Mr. CAMP), a member of the Committee on Ways and Means.

Mr. CAMP. Madam Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of H.R. 5.

I am proud that today we are moving forward in eliminating the Social Security earnings limit. Today, one of the biggest problems facing our country is not lack of jobs but lack of workers. This is in direct contrast to the 1930s, when the earnings limit was enacted and imposed a tax on working seniors.

H.R. 5 is important to seniors in the State of Michigan, where nearly 653,000 adults age 65 and older depend on Social Security to make up half their total income. At least one in 11 seniors in my State are still working. These seniors have earned their Social Security benefits through a lifetime of contributions, and the government does not have the right to impose a 33 percent tax on them.

The earnings limit is unfair and discriminates against working seniors. No retiree should be penalized for choosing to work. Our proposal would eliminate this tax penalty on earnings and would allow seniors to collect their full Social Security benefits if they choose to work. After all, it is their money.

I am pleased that my colleagues on both sides of the aisle are supporting this legislation. It is time to stop penalizing our seniors with such an unjust tax, and I urge my colleagues to vote "yes" on H.R. 5.

Mr. SHAW. Madam Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. WELLER), a respected member of the Committee on Ways and Means.

(Mr. WELLER asked and was given permission to revise and extend his remarks.)

Mr. WELLER. Madam Speaker, what a great day. We have legislation before us that is all about fairness and it is legislation, I believe, that will pass with overwhelming bipartisan support.

In Illinois there are 800,000 senior citizens between the ages of 65 and 70 who, because of their circumstances, either want to continue working or need to work because their savings and retirement plans did not work out quite the way that they had wanted. But these seniors suffer what is called the Social Security earnings penalty limit. Essentially, their Social Security benefits are taxed away if they continue working. That is just wrong.

This has gone on for far too long. In fact, this was put into place back in the 1930s to discourage senior citizens from working. We are fortunate today to have a pretty good economy. But many times employers who are looking for workers are told by senior citizens who would like to work that if they are

hired and they begin working, they are going to lose their Social Security.

I am sure my colleagues can recall conversations they have had with their neighbors or constituents where that has been a statement that they have heard. In my home State of Illinois, 58,000 senior citizens between the ages of 65 and 70 are currently punished because they are working. They are losing almost one-third of their Social Security benefits if they make more than \$17,000 a year. Essentially, they are being taxed at Donald Trump's rates. That is not right. That is not fair.

Senior citizens today are working longer; they are living longer; and they want to be active longer, but our Tax Code punishes them. That is just wrong. It is an issue of fairness. Just like elimination of the marriage tax penalty, where 25 million married couples pay higher taxes just because they are married. This is a case where, if a senior citizen wishes to continue working, they must pay higher taxes and lose their Social Security benefits.

My colleagues, this legislation passed the House with a unanimous vote, it passed the Senate with a unanimous vote. Let us send this legislation with this little modification to the President. I am pleased the President is going to sign this legislation. It is nice to see a bipartisan effort work around here.

My colleagues, it is all about fairness. Let us vote today to eliminate the Social Security earnings limit. Please vote "aye."

Mr. SHAW. Madam Speaker, I yield 1½ minutes to the gentleman from Louisiana (Mr. MCCRERY), an esteemed member of the Committee on Ways and Means.

(Mr. MCCRERY asked and was given permission to revise and extend his remarks.)

Mr. MCCRERY. Madam Speaker, I thank the chairman of the Subcommittee on Social Security for yielding me this time.

As I was listening to speakers here on the floor extol the virtues of this legislation, I was reminded of what I think is an old Chinese proverb that I am going to paraphrase, that victory has many fathers, defeat is an orphan. We are all claiming credit for this bill, which is good for us all to claim credit for something that the Congress is doing and makes sense. It is just common sense not to penalize seniors who make work.

But the gentleman from Texas (Mr. ARCHER) is not the only one who took this as a personal project. When I first came to Congress in the spring of 1988 as a Member of the 100th Congress, I was adopted by my colleagues who were elected in the regular election which constituted the 100th Congress. And in one of our early meetings as a class, the gentleman from Illinois (Mr. HASTERT), who was a member of our class, came up with the idea for a class project. And our class project was to introduce legislation and fight to repeal the earnings limit for seniors, for

Social Security recipients. So we took that upon ourselves to do, and we introduced legislation.

So I rise today to give the gentleman from Illinois (Mr. HASTERT) and the class of the 100th Congress our due credit for pushing this issue for the last 12 years and, finally today, we gain victory here on the House floor.

But surely every member of the Committee on Ways and Means who saw the benefit of finally doing away with this antiquated law deserves credit; and I do not mind at all Democrats, Republicans, everybody in the House coming to the floor and taking credit for doing this.

It is certainly a happy day for seniors in this country, and I think a happy day for the Congress to finally do something that makes a lot of good old-fashioned common sense to all of us in this country but particularly our seniors, our Social Security recipients.

I thank the Chair for yielding and encourage him to keep up the good work.

Mr. MATSUI. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Georgia (Mr. BISHOP).

Mr. BISHOP. Madam Speaker, I thank the gentleman for yielding me this time.

Madam Speaker, I feel it is a blessing that many people today are able to continue working and leading productive lives when they reach their golden years. That is why I urge my colleagues to support the Senate amendments to this bill.

Productivity helps give meaning to life. For many it helps prolong life.

□ 1745

We should honor our seniors, not deny them what is rightfully theirs. The earnings penalty is a disincentive to work. In today's world, many seniors need the extra income, particularly when burdened with the high cost of prescription drugs and other essential needs. With so many seniors needing every single penny, Madam Speaker, we must help them in any way we can.

It is about time that we reach out and help our mothers, our fathers, and all those who have helped to shape this Nation. Currently, the amount of income withheld from Georgia beneficiaries exceeds \$91.2 million yearly and more than \$4.2 billion is withheld nationally. This measure will not only put money in the pockets of nearly 17,000 Georgians but more than 700,000 seniors nationwide.

Let us send this bill to the President and eliminate this burdensome earnings penalty.

Mr. SHAW. Madam Speaker, I reserve the balance of my time.

Mr. MATSUI. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I would again just urge my colleagues to vote for the conference report. Only two changes were made that were technical in nature. Obviously, we want to move this bill on

to the President, who strongly supports this legislation.

Again, I want to commend my colleagues on both sides of the aisle for a job well done and for the bipartisan cooperation I think that we saw on both sides of the aisle. That is why we were able to get 422 votes when the bill left the House. I am sure the vote will be unanimous here.

So, again, I urge a yes vote.

Madam Speaker, I yield back the balance of my time.

Mr. SHAW. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, when I was in my district this last weekend, an older lady was working where we were eating, and she was waiting on tables. I had helped her some years ago with a matter concerning her son, who is very badly retarded on an SSI matter.

I mentioned it to her, and I asked her her age. Her age is a little above 65 but below 70. She is working waiting on tables, very hard work for someone that age, on her feet all day long, never complains. And yet we are taxing her at such an unconscionable rate. I told her that we were going to be passing this and that she would not only no longer be penalized but that she was going to receive back the penalties that she has incurred from the first of this year.

I do not know whether she really believed me or not, but I am going to be very pleased to go home and tell her that indeed we did. And then I will go home again and tell her indeed that the President joined with this Congress and signed this great piece of legislation.

This is a first step, only a first step, towards Social Security reform, but it is one that is purely one of fairness. It is so unfair for us to have continued to penalize older workers just simply because they were between the age of 65 and 70, saying that they could not keep their entire benefit. So many of them had to work. Whether they were waiting on tables, whether they were working in construction, no matter what they were doing, these wonderful people were working, many because they just wanted to work and many because, as the case of Mary, she had to work.

This is very important that we stay together on this legislation. And I also want to compliment the other body. That is something we do not hear very often in this House is compliments for the other body, but they kept this legislation clean.

The President asked for it to be clean. We asked for it to be clean, and they obliged us and they passed a clean bill. So I think this is really a landmark day for this House. We are coming together in complete cooperation with the Democrats in the White House and with the Republicans controlling the legislative branch.

It is a wonderful day, and I would urge all Members to vote yes and make this again a unanimous statement by this House of Representatives showing our commitment to American seniors.

Again, I want to thank the gentleman from California (Mr. MATSUI), the ranking member on the Democratic side, and the gentleman from New York (Mr. RANGEL).

Of course, again, I want to compliment the gentleman from Texas (Mr. ARCHER), who has steadfastly stood for elimination of the earnings penalty for many, many years now, as he demonstrated on the House floor earlier.

Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mrs. BIGGERT). Pursuant to the order of the House of today, the previous question is ordered.

The question is on the motion offered by the gentleman from Florida (Mr. SHAW) to concur in the Senate amendment to H.R. 5.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SHAW. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.



SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000

The SPEAKER pro tempore (Mrs. BIGGERT) The pending business is the question of agreeing to the motion offered by the gentleman from Florida (Mr. SHAW) to concur in the Senate amendment to H.R. 5.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. SHAW), on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 419, nays 0, not voting 16, as follows:

[Roll No. 79]  
YEAS—419

Abercrombie	Clay	Gallegly
Ackerman	Clayton	Ganske
Aderholt	Clement	Gejdenson
Allen	Clyburn	Gekas
Andrews	Coble	Gephardt
Archer	Coburn	Gibbons
Armey	Collins	Gilchrest
Baca	Combest	Gilman
Bachus	Condit	Gonzalez
Baird	Conyers	Goode
Baker	Cook	Goodlatte
Baldacci	Cooksey	Goodling
Baldwin	Costello	Gordon
Ballenger	Cox	Goss
Barcia	Coyne	Graham
Barr	Cramer	Granger
Barrett (NE)	Crowley	Green (TX)
Barrett (WI)	Cubin	Green (WI)
Bartlett	Cummings	Greenwood
Barton	Cunningham	Gutierrez
Bass	Danner	Gutknecht
Bateman	Davis (FL)	Hall (OH)
Becerra	Davis (IL)	Hall (TX)
Bentsen	Davis (VA)	Hansen
Bereuter	DeFazio	Hastert
Berkley	DeGette	Hastings (FL)
Berman	Delahunt	Hastings (WA)
Berry	DeLauro	Hayes
Biggert	DeLay	Hayworth
Bilbray	DeMint	Hefley
Billirakis	Deutsch	Herger
Bishop	Diaz-Balart	Hill (IN)
Blagojevich	Dickey	Hill (MT)
Bliley	Dicks	Hillery
Blumenauer	Dingell	Hilliard
Blunt	Dixon	Hinches
Boehlert	Doggett	Hinojosa
Boehner	Dooley	Hobson
Bonilla	Doolittle	Hoeffel
Bonior	Doyle	Hoeksra
Bono	Dreier	Holden
Borski	Duncan	Holt
Boswell	Dunn	Hoolley
Boucher	Edwards	Horn
Boyd	Ehlers	Hostettler
Brady (PA)	Ehrlich	Houghton
Brady (TX)	Emerson	Hoyer
Brown (FL)	Engel	Hulshof
Brown (OH)	English	Hunter
Bryant	Eshoo	Hutchinson
Burr	Etheridge	Hyde
Burton	Evans	Inslee
Buyer	Everett	Isakson
Callahan	Ewing	Istook
Calvert	Farr	Jackson (IL)
Camp	Fattah	Jackson-Lee
Campbell	Filner	(TX)
Cannon	Fletcher	Jefferson
Capps	Foley	Jenkins
Capuano	Forbes	John
Cardin	Ford	Johnson (CT)
Carson	Fossella	Johnson, E. B.
Castle	Fowler	Johnson, Sam
Chabot	Frank (MA)	Jones (NC)
Chambliss	Frelinghuysen	Jones (OH)
Chenoweth-Hage	Frost	Kanjorski

Kaptur	Nethercutt	Shows
Kasich	Ney	Shuster
Kelly	Northup	Simpson
Kennedy	Norwood	Sisisky
Kildee	Nussle	Skeen
Kilpatrick	Oberstar	Skelton
Kind (WI)	Obey	Slaughter
King (NY)	Olver	Smith (MI)
Kingston	Ortiz	Smith (NJ)
Klecza	Ose	Smith (TX)
Knollenberg	Owens	Smith (WA)
Kolbe	Oxley	Snyder
Kucinich	Packard	Souder
Kuykendall	Pallone	Spence
LaFalce	Pascrell	Spratt
LaHood	Pastor	Stabenow
Lampson	Paul	Stark
Lantos	Payne	Stearns
Largent	Pease	Stenholm
Larson	Pelosi	Strickland
Latham	Peterson (MN)	Stump
LaTourrette	Peterson (PA)	Stupak
Lazio	Petri	Sununu
Leach	Phelps	Sweeney
Lee	Pickering	Talent
Levin	Pickett	Tancredo
Lewis (CA)	Pitts	Tanner
Lewis (GA)	Pombo	Tauscher
Lewis (KY)	Pomeroy	Tauzin
Lipinski	Porter	Taylor (MS)
LoBiondo	Portman	Terry
Lofgren	Price (NC)	Thomas
Lowey	Pryce (OH)	Thompson (CA)
Lucas (KY)	Radanovich	Thompson (MS)
Lucas (OK)	Rahall	Thornberry
Luther	Ramstad	Thune
Maloney (CT)	Rangel	Thurman
Maloney (NY)	Regula	Tiahrt
Manzullo	Reyes	Tierney
Markey	Reynolds	Toomey
Martinez	Riley	Towns
Mascara	Rivers	Trafficant
Matsul	Rodriguez	Turner
McCarthy (MO)	Roemer	Udall (CO)
McCarthy (NY)	Rogan	Udall (NM)
McCollum	Rogers	Upton
McCrery	Rohrabacher	Velazquez
McDermott	Ros-Lehtinen	Vento
McGovern	Rothman	Visclosky
McHugh	Roukema	Vitter
McInnis	Roybal-Allard	Walden
McIntyre	Royce	Walsh
McKeon	Rush	Wamp
McKinney	Ryan (WI)	Waters
McNulty	Ryun (KS)	Watkins
Meehan	Sabo	Watt (NC)
Meek (FL)	Sanchez	Watts (OK)
Menendez	Sanders	Waxman
Mica	Sandlin	Weiner
Millender	Sanford	Weldon (FL)
McDonald	Sawyer	Weller
Miller (FL)	Saxton	Wexler
Miller, Gary	Scarborough	Weygand
Minge	Schaffer	Whitfield
Mink	Schakowsky	Wicker
Moakley	Scott	Wilson
Moore	Sensenbrenner	Wise
Moran (KS)	Serrano	Wolf
Moran (VA)	Sessions	Woolsey
Morella	Shadegg	Wu
Murtha	Shaw	Wynn
Myrick	Shays	Young (AK)
Nadler	Sherman	Young (FL)
Napolitano	Sherwood	
Neal	Shimkus	

NOT VOTING—16

Canady	Linder	Quinn
Crane	McIntosh	Salmon
Deal	Meeks (NY)	Taylor (NC)
Franks (NJ)	Metcalf	Weldon (PA)
Gillmor	Miller, George	
Klink	Mollohan	

□ 1904

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.



One Hundred Sixth Congress  
of the  
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday,  
the twenty-fourth day of January, two thousand*

An Act

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".

**SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3), by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "age seventy" and inserting "retirement age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

**SEC. 3. NONAPPLICATION OF RULES FOR COMPUTATION OF EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

(a) IN GENERAL.—Section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended by adding at the end the following new subparagraph:

"(E) Notwithstanding subparagraph (D), no deductions in benefits shall be made under subsection (b) with respect to the earnings of any individual in any month beginning with the month in which the individual attains retirement age (as defined in section 216(l))."

(b) CONFORMING AMENDMENT.—Section 203(f)(9) of the Social Security Act (42 U.S.C. 403(f)(9)) is amended by striking “and (8)(D),” and inserting “(8)(D), and (8)(E),”.

**SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

(a) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking “nor shall any deduction” and all that follows and inserting “nor shall any deduction be made under this subsection from any widow’s or widower’s insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.”; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: “(D) for which such individual is entitled to widow’s or widower’s insurance benefits if such individual became so entitled prior to attaining age 60.”.

(b) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended by striking “or suffered deductions under section 203(h) or 203(c) in amounts equal to the amount of such benefit” and inserting “or, if so entitled, did not receive benefits pursuant to a request by such individual that benefits not be paid”.

**SEC. 5. EFFECTIVE DATE.**

The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1999.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*



Public Law 106-182  
106th Congress

An Act

Apr. 7, 2000  
[H.R. 5]

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

Senior Citizens'  
Freedom to Work  
Act of 2000.  
42 USC 1305  
note.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".

**SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3), by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "age seventy" and inserting "retirement age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

**SEC. 3. NONAPPLICATION OF RULES FOR COMPUTATION OF EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

(a) **IN GENERAL.**—Section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended by adding at the end the following new subparagraph:

"(E) Notwithstanding subparagraph (D), no deductions in benefits shall be made under subsection (b) with respect to the earnings of any individual in any month beginning with the month in which the individual attains retirement age (as defined in section 216(l))."

(b) **CONFORMING AMENDMENT.**—Section 203(f)(9) of the Social Security Act (42 U.S.C. 403(f)(9)) is amended by striking “and (8)(D),” and inserting “(8)(D), and (8)(E),”.

**SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

(a) **ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.**—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking “nor shall any deduction” and all that follows and inserting “nor shall any deduction be made under this subsection from any widow’s or widower’s insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.”; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: “(D) for which such individual is entitled to widow’s or widower’s insurance benefits if such individual became so entitled prior to attaining age 60.”.

(b) **CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.**—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended by striking “or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit” and inserting “or, if so entitled, did not receive benefits pursuant to a request by such individual that benefits not be paid”.

**SEC. 5. EFFECTIVE DATE.**

42 USC 402 note.

The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1999.

Approved April 7, 2000.

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**LEGISLATIVE HISTORY—H.R. 5 (S. 279):**

HOUSE REPORTS: No. 106-507 (Comm. on Ways and Means).

CONGRESSIONAL RECORD: Vol. 146 (2000):

Mar. 1, considered and passed House.

Mar. 21, 22, considered and passed Senate, amended.

Mar. 28, House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 36 (2000):

Apr. 7, Presidential remarks.





**Remarks on Signing the Senior  
Citizens' Freedom to Work Act of  
2000**

*April 7, 2000*

Thank you. Let me say, first of all, to Flo Mallonee, I thought she did a great job. Her family must be very proud of her. And if you get tired of the job you're in, you might consider elected office. [*Laughter*]

I'd like to welcome all the former Social Security Commissioners here and say a special word of appreciation to our current Commissioner, Ken Apfel, and Deputy Commissioner Bill Halter. I'd also like to acknowledge the contributions of Jim Roosevelt, until recently, the Associate Commissioner for Retirement Policy at the Social Security Administration, something that would have made his grandfather very proud of him; and former Representative Barbara Kennelly of

Connecticut, who is the current Associate Commissioner for Retirement Policy.

There are many leaders of the aging community here today; I welcome them. But most of all, I want to welcome this very large delegation from the United States Congress, and at risk of—if I forget anybody, do not be shy. But my notes say that present here today are: Chairman Bill Archer; our minority whip, David Bonior; Representative Ben Cardin from Maryland; Representative Mac Collins from Georgia, who is here with his granddaughter who is happy that her grandfather can continue to work into his later years—[*laughter*—] Representative Joe Crowley from New York; Representative Sam Johnson from Texas; Representative Sandy Levin from Michigan; Representative John Lewis from Georgia; Representative Ron Lewis from Kentucky; Representative Bob Matsui from California; Representative Jim Ramstad from Minnesota; our subcommittee chair, Representative Clay Shaw from Florida; Representative John Spratt from South Carolina; Representative Jerry Weller from Illinois. I don't think I've missed anybody. And you should give them all a big hand; they did a fabulous job. [*Applause*]

Over 7 years ago now, when I took office, the Vice President and I made a commitment to a 21st century vision of America, with opportunity and responsibility for all American citizens and a community of all American citizens. To do it we thought we would have to reward both work and family and create a Government that would borrow less and invest more. For 7 years, we've worked hard on that.

Today, the size of the Government is about what it was in 1960, 40 years ago, thanks, in large measure, to higher productivity from the Federal work force and the advent of new technologies. Thanks to strong cooperative efforts in the Congress, we have turned record deficits into surpluses, and we've enjoyed the longest economic expansion in history.

We've tried to find ways to reward work and family, doubling the earned-income tax credit for working families with modest means, passing the Family and Medical Leave Act, improving the college loan program, and providing tax credits for college

costs that were never there before, and many other initiatives. But we know, increasingly, how we deal with Social Security will be a test of our commitment to family and, increasingly, to work.

In the 65 years since President Roosevelt signed it into law, Social Security has dramatically transformed the lives of older and disabled Americans. Seniors were once the poorest people in America. Today, thanks to Social Security, they are the least likely to live in poverty. In spite of the fact that many seniors enjoy other sources of income, if there were no Social Security in America, almost half the seniors in the country would be below the poverty line.

Thanks to Social Security, many of our seniors have a level of independence that few older Americans could even have dreamed of 65 years ago. And thanks to Social Security, we Americans continue to uphold the sacred compact between the generations.

But FDR himself said, and I quote, that "Social Security represents a cornerstone in a structure which is by no means complete," and that "new conditions impose new requirements upon Government and those who conduct Government." He would have been the first to agree, I believe, that Social Security must change to keep pace with changing times in America.

The system originally was designed to encourage older Americans to retire by withholding benefits from those 65 and older who worked. Keep in mind, 65 years ago, when Social Security was initiated, the life expectancy in this country was not 65. The so-called retirement earnings test made some sense in the Great Depression, when the Nation was desperate to find jobs for young workers with families and the unemployment rate in our Nation was 25 percent.

Conditions today could hardly be more different. The economy is booming, the unemployment rate at its lowest point in 30 years. Companies desperately need more workers. Older Americans have the skills and the experience that businesses need. Indeed, one of the most interesting things that was said to me today before we started is—Flo said it's a good thing we did this, because she'd be hard to replace at her present position. [Laughter]

That's true. Increasingly, older Americans want to work. Many of them for various reasons need to work. And we know, as a practical matter, that unless they're in terrifically physically draining jobs, that continuing to work may well add not only to the length but to the quality of their lives.

Today, one in four Americans between 65 and 69 has at least a part-time job. Eighty percent of the baby boomers say they intend to keep working past age 65. And I'm the oldest of the baby boomers, so I can speak for our generation. One of the reasons I went to law school is so nobody could ever force me to retire. [Laughter] Although, I spent the better part of my life trying to escape law practice—[laughter]—I still remember vividly how I felt about it, even as a young man, and I still have some solace in that.

Yet, because of the Social Security retirement earnings test, the system withholds benefits from over 800,000 older working Americans and discourages countless more—no one knows how many—from actually seeking work. It has long seemed senseless to me.

In the 1992 campaign, Vice President Gore and I campaigned on scrapping the retirement earnings test. When it became obvious that the work that we had all done together to balance the budget and run a surplus and to stabilize the fund would make it possible to do so with no adverse impact, in my 1999 State of the Union Address, I proposed it.

But what has happened here is truly astonishing. I hope this will go out all across America today. All you ever hear is how much we fight up here. This bill passed unanimously. Nobody was against this. And it is a tribute to the people who work on these issues in the Congress and those who have listened to them, but also it shows that there is a keen awareness here of how the aging of America and the improved financial condition of our country and our Government has totally changed the landscape.

But I think it also reflects the understanding that this is a genuine human rights issue. We want people to have this right to choose the life they want or they need. The Senior Citizens' Freedom to Work Act means that hundreds of thousands of older working

Americans will get checks next month reimbursing them for all the Social Security benefits withheld this year.

Yesterday morning, in Chappaqua, New York, I went to get my morning cup of coffee in my new little village—[laughter]—and a lady came up to me and said, “You know, I’m a public school teacher, and my district needs me. But I’m 65 years old. Are you guys ever going to get around to lifting that earnings test?” And you know—it’s terrible—I’m embarrassed to tell you this, but I can hardly keep up with my schedule from one day to the next, and I didn’t remember that I was doing it the day after tomorrow. I said, “In just a few days I think you’ll be very happy.” [Laughter] So if you’re looking at me today—[laughter]—we did it.

This bill not only means that our seniors will be able to enjoy extra income and personal fulfillment that comes with work without being penalized. It means companies with labor shortages will have a fresh supply of experienced workers, increasing our ability to grow without inflation. In the future, it will mean more baby boomers working longer, contributing more to the tax base and to the Social Security Trust Fund at precisely the time when the percentage of younger workers paying into the system will be dropping.

This is a big deal. If present work rates continue and present birth rates and present immigration rates continue, when all the baby boomers get in here, there will only be two people working for every one person drawing Social Security. This may also change that and help to further stabilize the Social Security Trust Fund itself.

The retirement earnings test means higher benefits for—ending it means higher benefits for working seniors with no negative effects—I say this again—no negative effects on the long-term fiscal health of the Social Security Trust Fund. So it’s the right thing to do for seniors, but it’s also a smart thing for our Nation.

I’m also pleased today to announce another important innovation to upgrade Social Security for the information age. Beginning today, Americans of any age can find out in seconds what their Social Security benefit levels will be in the future. All they have to

do is to log on to the Social Security Administration’s website, [www.ssa.gov](http://www.ssa.gov), and click on the new Social Security retirement planner. It provides estimates of future benefits based on your past, present, and estimated future income, and a new tool for the growing legion of Americans who are learning to use new technologies to make their own investment decisions and retirement plans.

Two days ago, at the White House Conference on the New Economy, I discussed with leading experts on technology how Government could use the Internet to empower individuals and strengthen civil society. This new retirement planner is just a small but powerful example of the kind of innovations that I believe have the potential to transform the relationship between the United States Government and the American people.

Let me, finally, just add one cautionary and hopeful note. These steps today are profoundly important, but I believe we should do more to strengthen Social Security. I think we should extend the life of the Trust Fund well into the middle of this century, while strengthening benefits for older women living alone, who are still much more likely to be in poverty than other seniors.

Last fall, I proposed legislation to pay down our debt for the first time since 1835 and use the benefits of debt reduction, which would now—if we took the benefits of debt reduction that we’re getting because of the surplus in Social Security tax collections now, the benefits are manifested in lower interest payments for the United States on this debt as we pay the debt down. If we took those lower interest payments, that benefit, and we put it into the Social Security Trust Fund, we could extend the life of the Trust Fund to 2054, which will be well beyond the life expectancy of all but the most fortunate baby boomers.

I hope we can work with Congress to pass that plan this year. It is a simple measure. Some of us would like to do more. We may not be able to do more in an election year, where there are genuine and honest differences between the two parties and even within the parties about how to proceed on this issue. But at least, if we could simply take the interest savings the American people have given us with their Social Security taxes,

which are now in surplus over distribution, and pay the interest savings from paying down the debt into the Trust Fund, think of it: We'd have 54 years on the life of the Social Security Trust Fund. So I hope we can do that.

I also hope we can strengthen incentives for working families to save by passing the retirement savings plan that I recommended. And I hope we can expand high-quality pension coverage for millions of workers. I have proposed tax credits for small businesses to establish good pensions for their employees. It's harder for them, and I think we ought to give them more help to do it.

Again I say, conventional wisdom says that nothing important happens in Washington in an election year. Today we have proved the conventional wisdom wrong. This is an election year. This is important, and it happened by unanimous vote of the United States House of Representatives and Senate. So, so much for the conventional wisdom, and good for the seniors in America and those of us who hope to be part of the doubling of the senior population in the next 30 years.

Let me also say, I think it's important to point out that it's not just seniors who should be happy about this, and I'm glad Flo has got her whole family here. One of the most profound worries of the baby boom generation is that, because we are so large, when we retire, if we haven't made adequate provision for it, our retirement will impose a big burden on our children and their ability to raise our grandchildren. So this should be a happy day for Americans of all ages today, because a very good thing has been done for the future.

So I thank you all for being here. I look forward to working with you to further strengthen Social Security, to strengthen Medicare. I hope we can agree to add a prescription drug benefit there. I hope we can reauthorize the Older Americans Act. I hope we can do a lot of other things this year. But the spirit—again, I want to thank the Members of Congress, the Republicans and the Democrats, for the spirit behind this action. This is how America is supposed to work. You have done a good thing today.

Thank you very much.

Now I'd like to invite the Members of Congress to come up here for the bill signing. And I'd like to invite the seniors to go over this way and kind of stand behind me, too.

NOTE: The President spoke at 11 a.m. in the Presidential Hall in the Dwight D. Eisenhower Executive Office Building. In his remarks, he referred to Florence Mallonee, Social Security recipient, who introduced the President. H.R. 5, approved April 7, was assigned Public Law No. 106-182.





# SOCIAL SECURITY

Office of the Commissioner

March 29, 2000

The Honorable Jacob Joseph Lew  
Director  
Office of Management and Budget  
Old Executive Office Building, Rm. 252  
17<sup>th</sup> and Pennsylvania Avenue, NW  
Washington, DC 20503

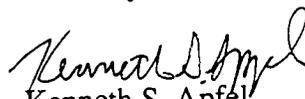
Dear Mr. Lew:

This is in response to your request for our views on the enrolled bill, H.R. 5, the "Senior Citizens' Freedom to Work Act of 2000."

We have reviewed the bill. The bill supports the Administration's position that it is important to modernize the Social Security system by eliminating the outdated retirement earnings test at normal retirement age. As passed, the bill would provide that earnings in and after the month the person attains full-benefit retirement age, currently age 65, would not affect the person's Social Security benefits.

This change will give many older Americans the opportunity to supplement their Social Security benefits while remaining productive members of the workforce. I strongly recommend that the President approve H.R. 5.

Sincerely,



Kenneth S. Apfel

Commissioner  
of Social Security

Enclosure: Summary of H.R. 5

H.R. 5  
Senior Citizens' Freedom to Work Act of 2000

Section-by-Section Description

Section 1

This Act may be cited as the "Senior Citizens' Freedom to Work Act of 2000".

Section 2

Under current law, Social Security benefits for beneficiaries under age 70 are generally reduced if they have earnings over a certain amount. For beneficiaries who have reached the full-benefit retirement age (now age 65, but scheduled to gradually rise to age 67) and are under age 70 in 2000, Social Security benefits are reduced \$1 for every \$3 of earnings above \$17,000 per year. The \$17,000 threshold is scheduled to rise to \$25,000 in 2001, \$30,000 for 2002, and be indexed to increases in average wages thereafter.

Section 2 of the bill makes several amendments to section 203 of the Social Security Act to provide that the age at which the earnings limit no longer applies is changed from the month the beneficiary reaches age 70 to the month of attainment of the full-benefit retirement age.

Section 3

Section 3 provides that any deductions from benefits on account of earnings do not apply to earnings in and after the month the beneficiary reaches the full-benefit retirement age. In applying the earnings limit for the year in which a person reaches the full-benefit retirement age, the earnings threshold that applies under current law (\$17,000 for 2000) would continue to apply for January of that year to the month prior to the month in which a person attains full-benefit retirement age.

Section 4

Section 4 would make additional conforming changes, including a conforming change to the delayed retirement credit provision, which can increase a retired worker's benefit. This section would allow retired workers who are already on the benefit rolls to accrue delayed retirement credits for any month between full-benefit retirement age and age 70 for which they elect not to receive a benefit.

Section 5

The amendments made by the Act are effective with respect to taxable years ending after December 31, 1999.



# ***LEGISLATIVE*** **Bulletin**

SOCIAL SECURITY  
ADMINISTRATION

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106-16

February 29, 2000

**HOUSE COMMITTEE ON WAYS AND MEANS  
MARKS UP H.R. 5  
THE "SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000"**

On February 29, 2000, the House Committee on Ways and Means marked up H.R. 5, the "Senior Citizens' Freedom to Work Act of 2000." The House will consider the bill on March 1, 2000.

As reported by the full committee, the bill would eliminate the Social Security retirement earnings test in and after the month in which a person attains normal retirement age.

Elimination of the retirement test would be effective with respect to taxable years ending after 12/31/99.

The current law regarding the retirement earnings test would apply to those individuals attaining age 65 in calendar year 2000 for the months before they attained age 65.

# ***LEGISLATIVE*** **Bulletin**

SOCIAL SECURITY  
ADMINISTRATION

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106-17

March 1, 2000

## **HOUSE PASSES H.R. 5, THE "SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000"**

On March 1, 2000, the House passed by a vote of 422 to 0 (with 13 members not voting) H.R. 5, the "Senior Citizens' Freedom to Work Act of 2000."

As passed, the bill would eliminate the Social Security retirement earnings test in and after the month in which a person attains normal retirement age.

Elimination of the retirement test would be effective with respect to taxable years ending after 12/31/99.

The current law regarding the retirement earnings test would apply to those individuals attaining age 65 in calendar year 2000 for the months before they attained age 65.

The bill was introduced on March 1, 1999, and reported by the Subcommittee on Social Security on February 16, 2000. On February 29, 2000, the bill was further amended by the full committee on Ways and Means and approved by the committee by a voice vote. The House passed the bill without further amendment. Senate action is pending.

# **LEGISLATIVE**

# **Bulletin**

SOCIAL SECURITY  
ADMINISTRATION

106-18

March 23, 2000

## **SENATE PASSES H.R. 5, THE "SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000"**

On March 22, 2000, the Senate passed H.R. 5, the "Senior Citizens' Freedom to Work Act of 2000," by a vote of 100-0. The House passed a different version of the bill on March 1, 2000. Rather than convene a House/Senate conference to iron out bill differences, the House is expected to take up the Senate-passed version of the bill shortly.

As passed, the bill would eliminate the Social Security retirement earnings test in and after the month in which a person attains full retirement age. Elimination of the retirement test would be effective with respect to taxable years ending after December 31, 1999.

The Senate bill also includes provisions which were not included in the House-passed bill that:

- o Would, in the calendar year the beneficiary attains the full retirement age, permanently apply the earnings limit for those at the full retirement age through age 69 (\$17,000 in 2000) and the corresponding reduction rate (\$1 for \$3 offset) to all months prior to attainment of the full retirement age. (In applying the earnings test for this calendar year, only earnings before the month of attainment of full retirement age are considered.) The earnings threshold would rise to \$25,000 in 2001, \$30,000 in 2002, and then rise thereafter in conjunction with increases in average wages. The earnings limit would not apply beginning with the month the beneficiary reaches full retirement age.
- o Would, beginning with the month in which the beneficiary reaches full retirement age and ending with the month prior to attainment of age 70, permit the retired worker to earn a delayed retirement credit for any month for which the retired worker requests that benefits not be paid even though he/she is already on the benefit rolls.

# LEGISLATIVE

# Bulletin

SOCIAL SECURITY  
ADMINISTRATION

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106-19

March 29, 2000

## THE HOUSE PASSED H.R. 5, THE "SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000"

On March 28, 2000, the House of Representatives agreed to the Senate amendment to H.R. 5, the "Senior Citizens' Freedom to Work Act of 2000," by a recorded vote of 419-0 and cleared the measure for transmission to the President.

As passed, the bill :

- o Would eliminate the Social Security retirement earnings test in and after the month in which a person attains full retirement age--currently age 65. Elimination of the retirement test would be effective with respect to taxable years ending after December 31, 1999.
- o Would, in the calendar year the beneficiary attains the full retirement age, permanently apply the earnings limit for those at the full retirement age through age 69 (\$17,000 in 2000) and the corresponding reduction rate (\$1 for \$3 offset) to all months prior to attainment of the full retirement age. (In applying the earnings test for this calendar year, only earnings before the month of attainment of full retirement age are considered.) The earnings threshold would rise to \$25,000 in 2001, \$30,000 in 2002, and then rise thereafter in conjunction with increases in average wages. The earnings limit would not apply beginning with the month the beneficiary reaches full retirement age.
- o Would, beginning with the month in which the beneficiary reaches full retirement age and ending with the month prior to attainment of age 70, permit the retired worker to earn a delayed retirement credit for any month for which the retired worker requests that benefits not be paid even though he/she is already on the benefit rolls.

The House originally passed the bill on March 1, 2000. On March 22, 2000 the Senate passed an amended version of the bill.

# *LEGISLATIVE*

# **Bulletin**

SOCIAL SECURITY  
ADMINISTRATION

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106-20

April 7, 2000

## **THE PRESIDENT SIGNS H.R. 5, THE "SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000"**

Today, President Clinton signed into law H.R. 5, the Senior Citizens' Freedom To Work Act of 2000. As yet, a public law number has not been assigned.

The legislation:

- o Eliminates the Social Security retirement earnings test in and after the month in which a person attains full retirement age--currently age 65. Elimination of the retirement test would be effective with respect to taxable years ending after December 31, 1999.
- o In the calendar year the beneficiary attains the full retirement age, permanently applies the earnings limit for those at the full retirement age through age 69 (\$17,000 in 2000, \$25,000 in 2001 and \$30,000 in 2002) and the corresponding reduction rate (\$1 for \$3 offset) to all months prior to attainment of the full retirement age. (In applying the earnings test for this calendar year, only earnings before the month of attainment of full retirement age are considered.)
- o Permits, beginning with the month in which the beneficiary reaches full retirement age and ending with the month prior to attainment of age 70, the retired worker to earn a delayed retirement credit for any month for which the retired worker requests that benefits not be paid even though he/she is already on the benefit rolls.

On March 1, 2000, the House approved an earlier version of H.R. 5. The Senate approved an amended version of the legislation on March 22, 2000. The House agreed to the Senate amendment to the legislation and cleared the measure for transmission to the President on March 28, 2000. For additional detail, see Legislative Bulletins 106-16 through 106-19.



106TH CONGRESS  
1ST SESSION

# S. 279

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 21, 1999

Mr. MCCAIN (for himself, Mr. KYL, and Mr. HELMS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Senior Citizens’ Free-  
5 dom to Work Act of 1999”.

6 **SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVID-**  
7 **UALS WHO HAVE ATTAINED RETIREMENT**  
8 **AGE.**

9 Section 203 of the Social Security Act (42 U.S.C.  
10 403) is amended—

1           (1) in subsection (c)(1), by striking “the age of  
2           seventy” and inserting “retirement age (as defined  
3           in section 216(l))”;

4           (2) in paragraphs (1)(A) and (2) of subsection  
5           (d), by striking “the age of seventy” each place it  
6           appears and inserting “retirement age (as defined in  
7           section 216(l))”;

8           (3) in subsection (f)(1)(B), by striking “was  
9           age seventy or over” and inserting “was at or above  
10          retirement age (as defined in section 216(l))”;

11          (4) in subsection (f)(3)—

12           (A) by striking “33 $\frac{1}{3}$  percent” and all  
13           that follows through “any other individual,”  
14           and inserting “50 percent of such individual’s  
15           earnings for such year in excess of the product  
16           of the exempt amount as determined under  
17           paragraph (8),”; and

18           (B) by striking “age 70” and inserting  
19           “retirement age (as defined in section 216(l))”;

20          (5) in subsection (h)(1)(A), by striking “age  
21          70” each place it appears and inserting “retirement  
22          age (as defined in section 216(l))”; and

23          (6) in subsection (j)—

24           (A) in the heading, by striking “Age Sev-  
25           enty” and inserting “Retirement Age”; and

1 (B) by striking “seventy years of age” and  
 2 inserting “having attained retirement age (as  
 3 defined in section 216(l))”.

4 **SEC. 3. CONFORMING AMENDMENTS ELIMINATING THE**  
 5 **SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS**  
 6 **WHO HAVE ATTAINED RETIREMENT AGE.**

7 (a) **UNIFORM EXEMPT AMOUNT.**—Section  
 8 203(f)(8)(A) of the Social Security Act (42 U.S.C.  
 9 403(f)(8)(A)) is amended by striking “the new exempt  
 10 amounts (separately stated for individuals described in  
 11 subparagraph (D) and for other individuals) which are to  
 12 be applicable” and inserting “a new exempt amount which  
 13 shall be applicable”.

14 (b) **CONFORMING AMENDMENTS.**—Section  
 15 203(f)(8)(B) of the Social Security Act (42 U.S.C.  
 16 403(f)(8)(B)) is amended—

17 (1) in the matter preceding clause (i), by strik-  
 18 ing “Except” and all that follows through “which-  
 19 ever” and inserting “The exempt amount which is  
 20 applicable for each month of a particular taxable  
 21 year shall be whichever”;

22 (2) in clauses (i) and (ii), by striking “cor-  
 23 responding” each place it appears; and

24 (3) in the last sentence, by striking “an exempt  
 25 amount” and inserting “the exempt amount”.

1 (c) REPEAL OF BASIS FOR COMPUTATION OF SPE-  
2 CIAL EXEMPT AMOUNT.—Section 203(f)(8)(D) of the So-  
3 cial Security Act (42 U.S.C. (f)(8)(D)) is repealed.

4 **SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

5 (a) ELIMINATION OF REDUNDANT REFERENCES TO  
6 RETIREMENT AGE.—Section 203 of the Social Security  
7 Act (42 U.S.C. 403) is amended—

8 (1) in subsection (c), in the last sentence, by  
9 striking “nor shall any deduction” and all that fol-  
10 lows and inserting “nor shall any deduction be made  
11 under this subsection from any widow’s or widower’s  
12 insurance benefit if the widow, surviving divorced  
13 wife, widower, or surviving divorced husband in-  
14 volved became entitled to such benefit prior to at-  
15 taining age 60.”; and

16 (2) in subsection (f)(1), by striking clause (D)  
17 and inserting the following: “(D) for which such in-  
18 dividual is entitled to widow’s or widower’s insurance  
19 benefits if such individual became so entitled prior  
20 to attaining age 60,”.

21 (b) CONFORMING AMENDMENT TO PROVISIONS FOR  
22 DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF  
23 DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the  
24 Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is  
25 amended—

1 (1) by striking “either”; and

2 (2) by striking “or suffered deductions under  
3 section 203(b) or 203(c) in amounts equal to the  
4 amount of such benefit”.

5 (c) PROVISIONS RELATING TO EARNINGS TAKEN  
6 INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL  
7 ACTIVITY OF BLIND INDIVIDUALS.—The second sentence  
8 of section 223(d)(4)(A) of the Social Security Act (42  
9 U.S.C. 423(d)(4)(A)) is amended by striking “if section  
10 102 of the Senior Citizens’ Right to Work Act of 1996  
11 had not been enacted” and inserting the following: “if the  
12 amendments to section 203 made by section 102 of the  
13 Senior Citizens’ Right to Work Act of 1996 and by the  
14 Senior Citizens’ Freedom to Work Act of 1999 had not  
15 been enacted”.

16 **SEC. 5. EFFECTIVE DATE.**

17 The amendments and repeals made by this Act shall  
18 apply with respect to taxable years ending after December  
19 31, 1998.

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