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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

CHRIS CAMPBELL, STAFF DIRECTOR  
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June 21, 2016

The Honorable Jacob Lew  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Lew:

As you know, the Senate Finance Committee, which I chair, has oversight jurisdiction with regard to the various Social Security and Medicare Programs. This jurisdiction includes the reports issued annually by the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds and the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. As a sitting member of these important boards, I am hoping you can provide information to address recent public claims some have made that call into question the integrity of these annual reports.

On June 7, 2016, an article written by three prominent and outspoken senators appeared in *The Huffington Post*. Among many other things, these senators, referencing the Social Security Trustees Report, claimed that:

“...the 2014 trustees report curiously incorporated a number of assumptions playing up the potential future insolvency of the [Social Security] program—a key talking point in the right-wing war on Social Security. These assumptions were so troublesome that the independent Chief Actuary for Social Security took the unprecedented step of writing a public statement of actuarial opinion disagreeing with the report. After similarly questionable elements appeared in the 2015 report, the Chief Actuary repeated this extraordinary public rebuke.”

Furthermore, these claims were reiterated – almost word-for-word – by one of the article’s coauthors at a June 8, 2016 hearing in the Finance Committee to consider President Obama’s nominees for the position of public trustee. In both instances, these claims were cited as evidence that one of the nominees for public trustee had exercised undue influence over the content of the trustee reports and was therefore unfit to be reconfirmed to the same position.

For decades, Congress and the American public have come to rely on the trustee reports for nonpartisan, factual accounts of the past, current, and expected future financial conditions of the various trust funds surrounding Social Security and Medicare. It would, to say the least, be disconcerting to find out that, with regard to Social Security, the Board of Trustees had adopted curious assumptions that were “so troublesome” that the Chief Actuary for Social Security took

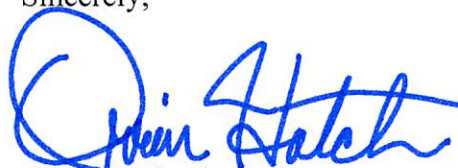
unprecedented steps to remark upon them, and that “questionable elements” warranted that he repeat an “extraordinary public rebuke.”

Furthermore, it would be cause for serious concern to learn that you and your staff and your fellow trustees, along with ten prominent professionals, including a Nobel Prize winning economist, who participated in the 2015 Technical Panel on Assumptions and Methods charged by the Social Security Advisory Board (SSAB) to, in the words of the SSAB, “review assumptions of the Social Security Trustees and the methods of the Office of the Chief Actuary used in projecting the finances of the Old Age Survivors and Disability Insurance (OASDI) trust funds,” were unable to detect and identify curious and troublesome assumptions responsible for, in the words of my Senate colleagues, “playing up the potential future insolvency of the [Social Security Program].” It would be even more alarming to find out that these questionable assumptions had been adopted due to some nefarious influence exercised by a single public trustee.

Having not heard or read any statements by you or your fellow trustees from the Obama Administration that refute any of the claims about the alleged use of questionable assumptions and possible skewed data in the trustee reports, it is important for me to learn whether assertions that challenge the integrity of the process for compiling the trustees reports and the substance of the reports themselves have any merit.

Therefore, I ask that you or your designee address these allegations by providing my staff with a briefing on any questionable assumptions that may have been present in the 2014 and 2015 Social Security trustee reports, and the three specific opinions offered by Social Security’s Chief Actuary in his 2014 and 2015 statements of actuarial opinion. Please contact Jason Stegmaier in the Senate Finance Committee to arrange the briefing, prior to July 8, 2016.

Sincerely,

A handwritten signature in blue ink that reads "Orrin Hatch". The signature is written in a cursive style with a large initial "O".

Orrin G. Hatch

Chairman

Senate Committee on Finance