

Social Security Milestones for the Employer Community

The **Social Security Administration** [www.socialsecurity.gov] turns 75 this year. To celebrate the long history the SSA has had with employers, we're highlighting milestones that have impacted payroll professionals throughout the years.

The list below has been excerpted from the SSA's website. The complete list, compiled by SSA historian Larry DeWitt is available at www.socialsecurity.gov/history. The site also includes a wealth of information on the legislative history of the Social Security Act, the text of speeches from the act's founders, and a host of additional information.

August 14, 1935 The Social Security Act (H.R. 7260, Public Law No. 271, 74th Congress) became law with the President's signature at approximately 3:30 p.m. on a Wednesday.

August 29, 1935 The Railroad Retirement Act of 1935 was approved by the President.

December 7, 1936 Judge George C. Sweeney of Massachusetts upheld the right of Congress to levy a payroll tax on employers--Title IX of the Social Security Act.

April 27, 1937 The Social Security Board authorized, as an aid to State administration of unemployment compensation laws, the assignment of Social Security account numbers to employees 65 years of age and over who were covered by the State unemployment compensation laws but were not covered under Title II.

February 10, 1939 Tax Titles (VIII and IX, except Section 904) of the Social Security Act were repealed and reenacted as Chapter 9, Subchapters A and C (subsequently designated as Federal Insurance Contributions Act and Federal Unemployment Tax Act of the Internal Revenue Code.

November 22, 1943 Federal agencies were ordered to use Social Security account numbers for identifying Government workers whenever they established a new permanent system of numerical identification of employees.

January 1, 1950 A new plan for collecting taxes due under the Federal Insurance Contributions Act and under the income tax withholding provisions of the Internal Revenue Code became effective. The plan provided for consolidating the two collections and utilized a new form – Form 941 – replacing Forms SS-LA, the Social Security reporting form and Form W-1 which had been used for reporting income taxes withheld from wages.

January 1, 1951 The old age and survivors insurance contribution rate of 2.25 percent of earnings became effective for all self-employed. The new old age and survivors insurance payroll tax wage base of \$3,600 also went into effect.

May 15, 1952 Public Law 343 was signed. It increased unemployment and sickness benefits for railroad workers by 30% to 60% -- financed by a payroll levy on the railroads.

January 1, 1955 The wage base of \$4,200 went into effect for the old age and survivors insurance payroll tax.

February 27, 1956 SSA's new electronic computer system, an IBM 705, began operation in the Candler Building under the watchful eyes of technicians from IBM. The first computer application consisted of posting earnings records, benefit computations and reinstating incorrectly reported earnings.

July 1, 1956 Posting operations in the Division of Accounting Operations were changed from a system which used 80-column punch cards and Type 407 Accounting Machines to one which used electronic data processing equipment and magnetic tape files.

August 1, 1956 The Social Security Act was amended to provide monthly benefits to permanently and totally disabled workers aged 50-64; to pay child's benefits to disabled children aged 18 or over of retired or deceased workers, if their disability began before age 18; it lowered to age 62 the retirement age for widows and female parents.

November 1956 Social Security Retirement Benefits became payable to women at age 62.

July 1957 Monthly disability benefits first became payable under OASDI to insured workers aged 50-64.

September 28, 1959 The President signed the Federal Employees Health Benefits Act, establishing a prepaid, voluntary health insurance plan for over two million Federal civilian workers and their dependents, with costs to be shared by the Federal Government and the employees.

January 1961 The Bureau of Old-Age and Survivors Insurance began keeping its benefit rolls electronically. Under contract with RCA, the Bureau installed the first units in a complex of high speed, all transistorized electronic data processing equipment in its seven Payment Centers.

October 5, 1961 President Kennedy signed into law Public Law 87-397, a law designed to cut down on tax cheating by assigning a tax identity number to every taxpayer. The Social Security identification number would be used as the tax identity number, and those persons without Social Security numbers would be assigned a tax number by the Internal Revenue Service.

December 6, 1961 The Secretary of the Department of Health, Education, and Welfare announced ten administrative changes in the public welfare program. They dealt with (1) locating deserting parents; (2) administrative actions to reduce and control fraud; (3) allowing children to conserve income for education and employment; (4) safeguarding the children in families of unmarried parents; (5) safeguarding children in hazardous home situations; (6) improving State staff training and development programs; (7) developing services to families; (8) encouraging States and localities to provide more effective family welfare services; and (9) coordinating family and community welfare services.

1961 District Offices first became involved in the transmission of data and administrative traffic via teletype Batch Data Transmission System (BDTS).

May 1962 The Social Security Administration started the "leads" program--sending letters to advise aged, insured workers, who had not claimed benefits, of their entitlement to these payments.

February 3, 1967 With the mailing of the benefit checks, the Social Security Administration became the first large Federal agency to implement mass ZIP code mailing.

March 27 & May 21, 1969 President Nixon signed the Reorganization Act establishing ten common regional boundaries for agencies providing social and economic services: (Region I, Boston; Region II, New York City; Region III, Philadelphia; Region IV, Atlanta; Region V, Chicago; Region VI, Dallas-Fort Worth; Region VII, Kansas City; Region VIII, Denver; Region IX, San Francisco; and Region X, Seattle).

1969 The microfiche system was installed in the District and Branch Offices.

September 1976 The United States Treasury Department and the United States Postal Service agreed to date and deliver benefit checks on a weekday, but not earlier than the first of the month when the 30th or the 31st fell on a Saturday or Sunday.

March 8, 1977 The Department of Health, Education, and Welfare was reorganized. Social and Rehabilitation Service was abolished. Aid to Families with Dependent Children, an element under the Assistance Payments Administration, became part of the Social Security Administration. SSA also was given responsibility for the Repatriation Program, Cuban Refugee and Indo-Chinese Refugee programs, and the Office of Child Support Enforcement. The Bureau of Health Insurance (Medicare) was moved out of SSA and became part of a new Health Care Financing Administration.

January 1978 Beginning with the 1978 tax year, annual reporting of wages by employers replaced quarterly reporting, although State and local entities would continue to report on a quarterly basis.

November 1, 1978 U.S. enters into first totalization agreement with foreign nation, Italy, eliminating dual taxation for social security and filling the gaps in coverage for workers who divide their time working in two different countries.

June 8, 1981 The Supreme Court held that employers did not have to include as "wages" under the Federal Insurance Contributions Act (FICA) the value of meals and lodging provided at the employer's convenience.

October 1, 1983 New Social Security number cards are made of banknote paper to deter tampering and counterfeiting.

December 1985 Social Security beneficiaries began receiving multicolored checks made of counterfeit-resistant paper instead of the familiar green punched-card checks.

October 22, 1986 President Reagan signed into law the Tax Reform Act of 1986. Among its provisions, the law required that every dependent age 5 or older listed on a tax return had to have their own Social Security number. This new requirement doubled SSA's enumeration workload in the following year.

October 1, 1988 Nationwide 800 number service implemented.

May 17, 1994 SSA's Internet site was launched on the World-Wide Web.

April 19, 1995 The Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma was bombed, killing 168 individuals, including 16 SSA employees.

April 26, 1996 President Clinton signs H.R. 3019 The Omnibus Consolidated Rescissions and Appropriations Act of 1996 into law, ending the battle over the 1996 budget and providing SSA with its administrative appropriation for FY 1996. The bill also requires that all Social Security and SSI payments for new beneficiaries will be made by Electronic Funds Transfer (EFT) beginning in July 1996, unless the Commissioner grants a waiver in a specific case; and all federal payments of all kinds will be made by EFT by 1/1/99 unless the Secretary of the Treasury grants a specific waiver.

August 22, 1996 President Clinton signed the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996." This "welfare reform" legislation terminated SSI eligibility for most non-citizens. As of the date of enactment, no new non-citizens could be added to the benefit rolls and all existing non-citizen beneficiaries would eventually be removed from the rolls (unless they met one of the exceptions in the law.) Also effective upon enactment were provisions eliminating the "comparable severity standard" and reference to "maladaptive behavior" in the determination of disability for children to receive SSI. Children receiving benefits under the old standards were to be reviewed and removed from the rolls if they could not qualify under the new standards.

September 12, 1996 SSA received the " Best in Class " award at the Internet Commerce Expo (sponsored by Computer World Magazine) in the Government/Public Administration category for its implementation of the Personal Earnings and Benefit Estimate Statement (PEBES).

April 2, 1997 SSA announced new rules in the *Federal Register* that, effective immediately, eliminate the Annual Earnings Reports previously required from retirees under age 70 who are still working. SSA will now use information from the W-2 reports or tax records to track the earnings levels of working beneficiaries.

May 1, 1997 The cycling of Social Security benefit payments began. Under payment cycling, new beneficiaries receive their payment on one of three Wednesdays during the month, based on their date of birth (or the worker's DOB in the case of auxiliaries).

August 22, 1997 SSA began a pilot-test with 30 employers in the Chicago region to allow them to verify a prospective employee's work eligibility by making direct inquiries into the SSA and INS databases. Under the pilot procedures, the employers can retrieve limited data from SSA's databases using a touch-tone phone and information from INS using a PC with a modem.

September 4, 1997 Acting Commissioner John Callahan released the report of the study of SSA's online PEBES service and announced the Agency's decision to make the service available again beginning in January 1998. The new version of the service will have additional security and privacy safeguards. Earnings information will no longer be provided online (only benefit estimates) and a personal code will be needed to receive the benefit estimate.

November 4, 1998 Vice President Gore announced a new federal policy designed to make it easier for victims of domestic violence to obtain new Social Security numbers. SSA will now accept requests for new SSNs in situations of domestic abuse if the abuse is documented by a competent third-party (such as shelter official, doctor, or law enforcement personnel).

November 16, 1998 SSA launched a new pilot project allowing people to apply for retirement or survivors benefits through SSA's 800-number telephone service. The pilot enables people in selected areas of the Atlanta, Chicago and Dallas regions to file claims immediately over the telephone. SSA plans to offer this service nationwide by September 2000.

November 16, 1998 SSA mailed the 50 millionth Personal Earnings and Benefit Estimate Statement (PEBES) since it began issuing them.

December 28, 1998 President Clinton announced that SSA's computer systems were now fully Y2K compliant. This made SSA the first major federal agency to complete work on the Year 2000 computer problem. About 700 programmers worked on the project, starting in 1989. The year 2000 project's estimated cost was \$42 million.

January 1999 The percentage of beneficiaries receiving their payments by direct deposit hit 75%, with 15 States having rates over 80%. New beneficiaries are electing direct deposit at a rate in excess of 90%.

July 19, 1999 SSA completed Phase I of its Intelligent Workstation/Local Area Network (IWS/LAN) computer modernization effort. This project, one of the largest information technology projects ever undertaken by the federal government, placed more than 75,000 workstations and 1,742 LANs in SSA and State DDS facilities around the country.

October 1, 1999 SSA began mailing 125 million Social Security Statements to all workers 25 years of age or older. Statements will now be sent on an annual basis.

February, 2000 SSA's Internet service, SSA Online, reached the rank of #10 on the list of most frequently visited federal government Web sites.

April 7, 2000 President Clinton signed the Senior Citizens' Freedom to Work Act of 2000 (P.L. 106-182) at a White House Ceremony. The Act eliminated the Retirement Earnings Test for beneficiaries at or above Normal Retirement Age.

August 31, 2000 Based on data from the Bureau of the Public Debt, the invested assets of the combined OASI and DI Trust Funds passed the trillion dollar mark, at \$1,001,712,600.

May 2, 2001 President Bush announced the appointment of a 16-member bi-partisan Commission on Social Security. The Commission has been tasked to develop a proposal to modernize and restore financial soundness to Social Security.

March 1, 2002 SSA implemented tighter rules on the issuance of Social Security cards to aliens not authorized to work in the United States.

September 4, 2007 The one-millionth online claim for Social Security retirement benefits was taken via SSA's internet-based application procedure.

July 21, 2008 SSA's website-based Retirement Estimator became available. The Retirement Estimator provides immediate and personalized benefit estimates online to help people plan for their retirement. The Estimator provides highly accurate benefit estimates for those nearing retirement age. For younger workers, it provides valuable information to help them plan and save for their retirement.

May 12, 2009 The Social Security Board of Trustees today released its annual report on the financial health of the Social Security Trust Funds. The Trustees project that program costs will exceed tax revenues in 2016, one year sooner than projected in last year's report. The combined assets of the Old-Age and Survivors, and Disability Insurance (OASDI) Trust Funds will be exhausted in 2037, four years sooner than projected last year.

January 8, 2010 Michael J. Astrue, Commissioner of Social Security, and Chubby Checker, Grammy Award winner and rock and roll legend, launched a new campaign to inform millions of Americans about a new "twist" in the law that makes it easier to qualify for *extra help* with Medicare prescription drug costs. The *extra help* program currently provides assistance to more than nine million senior and disabled Americans -- saving them an average of almost \$4,000 a year on their Medicare prescription drug plan costs. To apply for *extra help*, there is an easy-to-use online application available at www.socialsecurity.gov.