



SOCIAL SECURITY

The Commissioner

MAY 29 2007

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Madam Speaker:

Enclosed for consideration of the Congress is the Administration's draft bill to make amendments to the Old-Age, Survivors, and Disability Insurance program and the Supplemental Security Income program. A section-by-section description of the proposals is also enclosed with this letter. However, I would like to point out two proposals that would provide an incentive for children ages 16 and 17 to stay in school and simplify the administration of the Social Security disability program.

Section 101 of the draft bill would require that in order to receive Social Security child's benefits for a month, an individual who has attained age 16 must be a full-time elementary or secondary school student. The expectation is that lowering the age for the student requirement would serve as an incentive for children to stay in school and complete their education at least through high school.

Section 102 would simplify the computation of the workers' compensation/public disability benefit (WC/PDB) offset that is applicable to Social Security disability benefits. This change would also limit the application of the offset to 5 years. This proposal would greatly lessen the administrative requirements for the Social Security Administration to continually monitor the worker's receipt of WC/PDB benefits and would simplify the complex present-law calculations required to accurately apply the offset.

The Office of Management and Budget has advised that there is no objection to the transmittal of this draft bill to the Congress, and its enactment would be in accord with the program of the President. We urge the Congress to give the draft bill prompt and favorable consideration.

I am sending an identical letter to the Honorable Richard B. Cheney, President of the Senate.

Sincerely,

Michael J. Astrue

Enclosures

A B I L L

To amend the Social Security Act and enact other changes related to the old-age, survivors and disability insurance program and the supplemental security income program, and for other purposes.

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) Short Title.--This Act may be cited as the "Social Security Amendments of 2007".

(b) Table of Contents.--The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I--PROVISIONS RELATING TO THE

OLD-AGE, SURVIVORS AND DISABILITY INSURANCE PROGRAM

Sec. 101. Full-time school attendance requirement for child's benefits at age 16.

Sec. 102. Simplification of the workers' compensation offset/public disability benefit computation.

TITLE II--PROVISION RELATING TO THE

SUPPLEMENTAL SECURITY INCOME PROGRAM

Sec. 201. Temporary expansion of length of time-limited eligibility of certain qualified aliens for supplemental security income and related medicaid benefits.

TITLE I--PROVISIONS RELATING TO THE
OLD-AGE, SURVIVORS AND DISABILITY INSURANCE PROGRAM
SEC. 101. FULL-TIME SCHOOL ATTENDANCE REQUIREMENT FOR CHILD'S
BENEFITS AT AGE 16.

(a) In General.--Section 202(d) of the Social Security Act
(42 U.S.C. 402(d)) is amended--

(1) in paragraph (1), by striking "Every" and inserting
"Except as provided in paragraph (11), every"; and

(2) by adding at the end the following new paragraph:

"(11) (A) Except as provided in subparagraph (B), no benefit
otherwise payable under this subsection shall be paid to any
individual who has attained the age of 16 and has not attained
the age of 18 for any month in which such individual is not a
full-time elementary or secondary school student, as defined in
paragraph (7), during any part of such month.

"(B) Subparagraph (A) shall not apply to any individual
who--

"(i) is receiving a free, appropriate public education
in accordance with the Individuals with Disabilities
Education Act (20 U.S.C. 1400 et seq.), based on a
determination pursuant to section 614(b)(4) of such Act
(20 U.S.C. 1414(b)(4)) that the individual meets the
definition of a 'child with a disability', as defined in

section 602(3) of such Act (20 U.S.C. 1401(3));

(ii) has a certification from a physician or qualified psychologist that such individual has a medical condition that precludes full-time elementary or secondary school attendance;

“(iii) is under a disability (as defined in section 223(d) of this Act); or

“(iv) has completed the requirements for or received a high school diploma or its recognized equivalent under State law.

“(C) For purposes of the application of section 203(a), an individual with respect to whom no benefit under this subsection is payable for any month as a result of the application of subparagraph (A) shall be deemed to have received such benefit for such month.”.

(b) Effective Date.--The amendment made by this section shall be effective with respect to individuals who attain age 16 after--

(1) September 30, 2007, or

(2) the end of the fifth month that begins after the

date of the enactment of this Act,

whichever occurs later.

SEC. 102. SIMPLIFICATION OF THE WORKERS' COMPENSATION

OFFSET/PUBLIC DISABILITY BENEFIT COMPUTATION.

(a) In General.--Section 224 of the Social Security Act (42 U.S.C. 424a) is amended--

(1) in subsection (a) in the matter following paragraph (2) (B), by striking "the total" and all that follows and inserting "the benefit payable under section 223 to such individual and any benefit payable under section 202 on the basis of such individual's wages and self-employment income for such month shall be reduced by an amount equal to 31 percent of such benefit or, if smaller, the amount of such periodic benefits described in paragraph (2) payable (and actually paid) for such month to such individual under such laws or plans, except that no reduction otherwise required by this subsection shall be made for any month after the month in which such individual has been entitled, with respect to such individual's current period of disability, to disability benefits for 60 months.";

(2) in subsection (b), by striking all that follows after "shall be made", and inserting "by an amount that the Commissioner of Social Security determines is the equivalent monthly amount of such periodic benefit for purposes of the application of subsection (a), or, if lesser, by the equivalent monthly amount of the amount established as part of the terms of a lump sum settlement.";

(3) by striking subsections (f) and (g); and

(4) by redesignating subsection (h) as subsection (f).

(b) Retirement Age Correction.--Section 224(a) of such Act is further amended in the matter preceding paragraph (1) by striking "the age of 65" and inserting "retirement age" as defined in section 216(1).

(c) Effective Date.--The amendments made by this section are effective with respect to any individual whose concurrent entitlement to benefits under section 223 of the Social Security Act and to periodic benefits described in section 224(a)(2) of such Act commences after--

(1) September 2007, or

(2) the end of the fifth month that begins after the date of the enactment of this Act,
whichever occurs later.

TITLE II--PROVISION RELATING TO THE

SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 201. TEMPORARY EXPANSION OF LENGTH OF TIME-LIMITED

ELIGIBILITY OF CERTAIN QUALIFIED ALIENS FOR

SUPPLEMENTAL SECURITY INCOME AND RELATED MEDICAID

BENEFITS.

(a) In General.--For the purpose of the application of section 402 of the Personal Responsibility and Work Opportunity

Reconciliation Act of 1996 (8 U.S.C. 1612) to the determination of eligibility during the period specified in subsection (b) for

(1) the program described in subsection (a) (3) (A) of such section; and

(2) the program described in subsection (b) (3) (c) of such section on the basis of receipt of benefits under the program described in paragraph (1),

the phrase "7 years" contained in subsections (a) (2) (A) and (b) (2) (A) (i) of such section shall be deemed to read "8 years".

(b) Period Specified.--The period begins October 1, 2007, and ends September 30, 2010.

(c) Effective Date.--This section shall be effective with respect to benefits payable under the programs described in section 402 (a) (3) (A) and 402 (b) (3) (c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 for months within the period specified in subsection (b).

Section-By-Section Descriptions “The Social Security Amendments of 2007”

Short Title and Table of Contents

Section 1 provides that upon enactment the bill may be cited as the “Social Security Amendments of 2007.” This section also includes the table of contents.

Full-Time School Attendance Requirement for Child’s Benefits at Age 16

Section 101 would require that in order to receive an Old-Age, Survivors, and Disability Insurance child’s benefit for a month, an individual who has attained age 16 must be a full-time elementary or secondary school student. The provision would make exceptions to the requirement in the following situations: (1) the individual is receiving a free public education in accordance with the Individuals with Disabilities Education Act, (2) a physician or psychologist certifies that the individual has a medical condition precluding full-time attendance, (3) the individual is under a “disability” as defined in section 223 of the Social Security Act, or (4) the individual is under age 18 and has qualified for or received a high school diploma or equivalent. The proposal recognizes for children ages 16 and 17 the importance of continuing education through the high school level. The expectation is that the lowering of age for the student requirement for children’s benefits may serve as an incentive for many children to remain in school and complete their education at least through high school.

The provision would be effective with respect to individuals who attain age 16 after September 30, 2007, or the end of the fifth month that begins after the date of enactment of this Act, whichever occurs later.

Simplification of the Workers’ Compensation Offset/Public Disability Benefit Computation

Section 102 would simplify the workers’ compensation/public disability benefit (WC/PDB) computation by providing a flat benefit reduction equal to the lesser of the worker’s monthly WC/PDB benefit or 31 percent of the Social Security disability benefit (DIB) when the worker receives both DIB

and a WC/PDB benefit. In addition, under the provision, offset would end after the worker has been entitled for 60 months. This provision would greatly lessen the administrative requirements for SSA to continually monitor the worker's receipt of WC/PDB benefits and would simplify the complex calculations now required to accurately apply the offset.

As a result of the operation of current law, the offset falls disproportionately on lower earners. By replacing the existing complicated offset with a uniform offset, the proposal would more evenly distribute the offset among higher and lower earners. In addition, the provision would provide for a more equitable application of WC/PDB offset in regards to auxiliary benefits by applying the same percentage of offset to the auxiliaries as to the worker. (Under current law, there can be situations in which the auxiliaries' benefits are fully offset, but the worker's benefit is only partially offset or not offset at all.)

In addition to the changes noted above, this section would revise the current section 224(b) of the Act, which gives the Commissioner the authority to prorate lump sums and other payments that are a substitute for or commutation of monthly WC payments.

The provision would be effective with respect to any individual whose concurrent entitlement to DIB and to WC/PDB benefits begins after September 30, 2007, or the end of the fifth month that begins after the date of the enactment of this Act, whichever occurs later.

Temporary Expansion of Length of Time-Limited Eligibility of Certain Qualified Aliens For Supplemental Security Income (SSI) and Related Medicaid Benefits

Section 201 would temporarily extend from 7 to 8 years the time period for SSI eligibility (and for Medicaid eligibility for those who receive Medicaid based on the receipt of SSI) for refugees and certain other noncitizens. The provision would be effective with respect to benefits payable October 1, 2007 through September 30, 2010. After September 30, 2010, the time period would revert back to 7 years. The proposal would continue benefits only to individuals whose 7-year period expires after September 2006, and then only for months beginning October 2007 that were in the 8-year period.

There would be no retroactive benefits for individuals whose 7-year eligibility period expired before October 2006.