



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 16, 1996

MEMORANDUM FOR KEN APFEL

THROUGH: Barry White *BW*
Keith Fontenot *SO for*

FROM: Desiree Filippone *DF*

SUBJECT: 1997 Social Security Changes

Today, the Social Security Administration (SSA) announced various changes in the Social Security program for 1997. These changes include the 1997 Cost of Living Adjustment (COLA) and the 1997 contribution and benefit base (the "earnings base"). A complete listing of these changes, comparing the 1996 and 1997 figures, is available on the attached SSA fact sheet.

1997 COLA

The SSA calculated the 1997 COLA to be 2.9%. This is 0.2% less than the estimate in the FY1997 President's Budget and 0.3% less than the estimate in the Mid-Session Review. The calculation and implications of the 1997 COLA are detailed below.

Calculation of COLA

1995 3rd Quarter CPI Average:		150.2
1996 3rd Quarter CPI Average:	July:	154.3
(Not Seasonally Adjusted)	August:	154.5
	<u>September:</u>	<u>155.1</u>
	Average:	154.6
	1997 COLA	2.9%

Cost of 1997 COLA in FY97

President's Budget:	\$7,329 Million
Mid-Session Review:	\$8,374 Million
Current Estimate Based on 2.9% Actual	\$7,604 Million
Change from Pres. Budget	+\$275 Million
Change from MSR	- \$770 Million

Earnings Base

The actuaries have also calculated the increase in the benefit and contributions base--the "earnings base" that determines the amount of OASDI contributions and benefits. The 1997 base is \$65,400, an increase of \$2,700 (4.3%) from the 1996 level of \$62,700. Because the earnings base is indexed to increases in national wages, the 1997 level reflects average growth in national wages.

1996 OASDI Earnings Base:	\$62,700
1997 OASDI Earnings Base:	\$65,400
HI Earnings Base:	No Limit

If you have any questions or comments, please call.

cc: IM
Social Security Distribution

Attachment



News Release

SOCIAL SECURITY

FOR IMMEDIATE RELEASE
Wednesday, Oct. 16, 1996

Phil Gambino or Tom Margenau
(410) 965-8904 (202) 482-7145

1997 SOCIAL SECURITY CHANGES ANNOUNCED

Social Security Commissioner Shirley S. Chater announced today that Social Security and Supplemental Security Income benefits will increase 2.9 percent, beginning with the payments that Social Security beneficiaries receive Jan. 3 and SSI recipients receive on Dec. 31. The automatic cost-of-living adjustment is made annually.

For Social Security beneficiaries, the average monthly benefit amount for all retired workers will rise from \$724 to \$745. The maximum federal SSI monthly payments to an individual will rise from \$470 to \$484. For a couple, the maximum federal SSI payment will rise from \$705 to \$726.

Social Security and SSI benefits increase automatically each year based on the rise in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of one year through the corresponding period of the next. This year's increase in the CPI-W was 2.9 percent.

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NOTE TO CORRESPONDENTS: A fact sheet showing the effect of the various automatic adjustments is attached.



Fact Sheet

SOCIAL SECURITY
Shirley S. Chater, Commissioner

Phil Gambino or Tom Margenau
(410) 965-8904 (202) 482-7145

1997 SOCIAL SECURITY CHANGES

o Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 1995 through the third quarter of 1996, Social Security beneficiaries and Supplemental Security Income (SSI) recipients received a 2.9 percent COLA for 1997. Other important 1997 Social Security information is as follows:

	<u>1996</u>	<u>1997</u>
o <u>Tax Rate:</u>		
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%
NOTE:	The 7.65% represents the combined Social Security and Medicare tax rate. The Social Security portion (OASDI) is 6.20% on wages up to the applicable maximum taxable amount (see below). The Medicare portion (HI) is 1.45% on all wages.	

o Maximum Earnings Taxable:

Social Security (OASDI only)	\$62,700	\$65,400
Medicare (HI only)	N O L I M I T *	

*The maximum was eliminated by the "Omnibus Budget Reconciliation Act of 1993."

o Quarter of Coverage:

	\$640	\$670
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o Retirement Earnings Test Exempt Amounts:*

Age 65 thru 69	\$12,500/yr. (\$1,042/mo.)	\$13,500/yr. (\$1,125/mo.)
Under age 65	\$ 8,280/yr. (\$690/mo.)	\$ 8,640/yr. (\$720/mo.)

*NOTE: For people age 65 through 69, the exempt amounts for both 1996 and 1997 were established by legislation enacted March 29, 1996. For people in this age group, \$1 in benefits will be withheld for every \$3 in earnings above the limit. For people under age 65, \$1 will be withheld for every \$2 in earnings above the limit.

o Maximum Social Security Benefit: Worker Retiring at Age 65 in January of 1996 and 1997:

	\$1,248/mo.	\$1,326/mo.
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o SSI Federal Payment Standard:

Individual	\$470/mo.	\$484/mo.
Couple	\$705/mo.	\$726/mo.

o SSI Resources Limits:

Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000

o Average Monthly Social Security Benefits: Before and After the December 1996 COLA:

	Before <u>2.9% COLA</u>	After <u>2.4% COLA</u>
All Retired Workers	\$ 724	\$ 745
Aged Couple, Both Receiving Benefits	\$1,220	\$1,256
Widowed Mother and Two Children	\$1,436	\$1,478
Aged Widow(er) Alone	\$ 687	\$ 707
Disabled Worker, Spouse and One or More Children	\$1,136	\$1,169
All Disabled Workers	\$ 684	\$ 704

LEGISLATIVE BULLETIN

April 9, 1996

104-22

THE PRESIDENT SIGNS H.R. 3136 THE "CONTRACT WITH AMERICA ADVANCEMENT ACT OF 1996"

On March 29, 1996, the President signed into law the Contract With America Advancement Act of 1996 (H.R. 3136), as P.L. 104-121. The bill contains the Senior Citizens' Right to Work Act of 1996, the Small Business Growth and Fairness Act of 1996, establishes a new process for Congressional review of agency rulemaking, and provides for a permanent increase in the public debt limit from \$4.9 trillion to \$5.5 trillion. The bill contains the following provisions of interest to Social Security.

Denial of Disability Benefits to Drug Addicts and Alcoholics

- Prohibits disability insurance (DI) and supplemental security income (SSI) eligibility to individuals whose drug addiction and/or alcoholism (DAA) is a contributing factor material to the finding of disability. This provision would apply to individuals who file for benefits on or after the date of enactment and to individuals whose claims are finally adjudicated on or after the date of enactment. This provision applies to current beneficiaries on January 1, 1997. SSA must: 1) notify current DAA beneficiaries of new provisions by June 27, 1996; and 2) complete new medical determinations by January 1, 1997, for affected current beneficiaries who request such a determination within 120 days after the date of enactment.
- Applies representative payee requirements to DI or SSI beneficiaries who have a DAA condition, as determined by the Commissioner, and who are incapable of managing benefits. SSA would refer these individuals to the appropriate State agency for treatment. These provisions would apply to applications filed after June 1996. In addition, retains the \$50 fee that representatives can collect for beneficiaries who have a DAA condition that leaves an individual incapable of managing their own benefits.
- Provides an appropriation of \$50 million for each of FYs 1997 and 1998 to carry out on a priority basis activities relating to the treatment of drug and alcohol abuse under the Public Health Service Act.

Continuing Disability Reviews

- Authorizes additional funds to SSA for fiscal years 1996 through 2002 for the purpose of conducting Social Security disability insurance (DI) continuing disability reviews (CDRs) and Supplemental Security Income (SSI) CDRs and disability eligibility redeterminations. This would be accomplished by increasing the amount of funds available for appropriations under the discretionary spending cap in the Budget Enforcement Act.
- Directs the Commissioner of Social Security to ensure that the funds made available pursuant to this provision are used, to the greatest extent practicable, to maximize the combined savings to the old-age, survivors, and disability insurance (OASDI), SSI, Medicare, and Medicaid programs.
- Requires the Commissioner to report annually, for FYs 1996 through 2002, to Congress on the amount of money spent on CDRs, the number of reviews conducted (by category), the disposition of such reviews (by program), and the estimated savings over the short-, medium-, and long-term for OASDI, SSI, Medicare, and Medicaid programs from CDRs which result in cessations, and the estimated present value of such savings.

Chief Actuary

- Establishes statutorily in the Social Security Administration the position of Chief Actuary, to be appointed by, and report directly to, the Commissioner, and be subject to removal only for cause. Effective on March 29, 1996.

Dependency Test for Stepchildren

- Provides that a stepchild would have to be receiving at least one-half support from the stepparent when the child's claim is filed to get benefits. (The option for finding dependency based on living-with would be eliminated.) This provision is effective for benefits of individuals who become entitled after June 1996.

If the natural parent and the stepparent of an entitled stepchild divorce, benefits to the stepchild based on the work record of the stepparent would terminate the month after the month in which such divorce becomes final. This provision is effective for final divorces occurring after, June 1996.

Increase in the Earnings Test Annual Exempt Amount

- Gradually raises, beginning in 1996, the earnings limit for the retirement earnings test (RET) for beneficiaries who have attained normal retirement age to \$30,000 by 2002 (compared with an estimated \$14,760 for 2002 under prior law, based on the intermediate assumptions in the 1995 Trustees Report). The applicable 1996 exempt amount under prior law was \$11,520. Exempt amounts under P.L. 104-121 (exempt amounts under prior law are also shown) are:

Year	Estimated Exempt	
	Exempt Amount Under P.L. 104-121	Amount Under Prior Law
1996	\$12,500	\$11,520
1997	13,500	12,120
1998	14,500	12,600
1999	15,500	13,080
2000	17,000	13,560
2001	25,000	14,160
2002	30,000	14,760

After 2002, the annual exempt amount will be indexed to growth in average wages.

The substantial gainful activity (SGA) amount applicable to individuals who are statutorily blind would no longer be linked to the RET exempt amount for individuals ages 65 to 69. Instead, the SGA amount for blind people would continue to be adjusted annually as under present law, i.e., based on the national average wage index.

Benefit and Tax Statements

- Requires SSA to conduct a pilot study of the efficacy of providing retired workers with information about their Social Security benefits and taxes. The study would involve a sample of retirement beneficiaries whose entitlement began in or after 1984. SSA would send them estimates of their aggregate covered earnings, their aggregate Social Security taxes (including the employer share), and the total amount of benefits paid on their record.
- Requires the study to be conducted within a 2-year period beginning as soon as practicable in 1996 and a report on its results be provided to Congress within 60 days of its completion. Investment of Social Security and Medicare Trust Funds
- Prohibits the Secretary of the Treasury from refraining from investing Social Security and Medicare Trust Fund monies in Federal securities, and from redeeming securities held by the trust funds, to avoid increasing or to reduce outstanding public debt obligations. Effective March 29, 1996.

Professional Staff for the Social Security Advisory Board

- Authorizes the Social Security Advisory Board to appoint 3 professional staff employees, one of whom is to be appointed from among individuals approved by Advisory Board members who do not belong to the political party represented by the majority of the Board.

Review of Federal Regulations

- Requires that Federal regulations, including some of those issued by SSA, undergo an additional review of their economic impact. This review may be conducted, at various stages of the development of a regulation, by the Small Business Administration, the Courts, and the Congress.

A Brief History Of Social Security



S O C I A L S E C U R I T Y

60th

A N N I V E R S A R Y

Commissioner's Statement



The history of Social Security is a story that we are proud to tell. It is a story about visionaries who created a program to enhance and protect the well-being of millions of Americans. It is a story about the dedication, hard work and persistence on the part of Social Security Administration employees who carry out one of the government's largest and most important programs. And it is a story about the commitment of this nation's leaders to maintain and strengthen a program that has such a beneficial and significant impact on the lives of so many. It is a continuing story that is passed on from generation to generation.

Shirley S. Chater

History

The Problem of Economic Insecurity

Social Security works because it speaks to a universal human need. All people throughout human history have faced the uncertainties brought on by death, disability and old age. Prior to the turn of the 20th century, the majority of people in the United States lived and worked on farms and economic security was provided by the extended family. However, this arrangement changed as America underwent the Industrial Revolution. The extended family and the family farm as sources of economic security became less common. Then, the Great Depression triggered a crisis in the nation's economic life. It was against this backdrop that the Social Security Act emerged.

The Social Security Act

On June 8, 1934, President Franklin D. Roosevelt, in a message to the Congress, announced his intention to provide a program for Social Security. Subsequently, the President created by Executive Order the Committee on Economic Security, which was composed of Frances Perkins, Secretary of Labor, Chairwoman; Henry Morgenthau, Jr., Secretary of the Treasury; Henry A. Wallace, Secretary of Agriculture; Homer S. Cummings, Attorney General; and Harry L. Hopkins, Federal Emergency Relief Administrator.

The committee was instructed to study the entire problem of economic insecurity and to make recommendations that would serve as the basis for legislative consideration by the Congress.

In early January 1935, the Committee made its report to the President, and on January 17 the President introduced the report to both Houses of Congress for simultaneous consideration. Each House passed its own version, but eventually the differences were resolved and the Social Security Act was signed into law on August 14, 1935. In addition to several provisions for general welfare, the new Act created a social insurance program designed to pay retired workers age 65 or older a continuing income after retirement.



President Roosevelt signs the Social Security Act, August 14, 1935.

Text of President Roosevelt's remarks at the signing of the Social Security Act

Today a hope of many years' standing is in large part fulfilled. The civilization of the past hundred years, with its startling industrial changes, has tended more and more to make life insecure. Young people have come to wonder what would be their lot when they came to old age. The man with a job has wondered how long the job would last.

This social security measure gives at least some measure of protection to thirty millions of our citizens who will reap direct benefits through unemployment compensation, through old-age pensions and through increased services for the protection of children and the prevention of ill health.

We can never insure one hundred percent of the population against one hundred percent of the hazards and vicissitudes of life, but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age. . .

If the Senate and the House of Representatives in this long and arduous session had done nothing more than pass this Bill, the session would be regarded as historic for all time.



August 14, 1935

The Early Organization

Another provision of the Act established a Social Security Board (SSB) comprised of three members appointed by the President, with the chairman reporting directly to the President. The original members were John G. Winant, Chairman; Arthur J. Altmeyer; and Vincent M. Miles. During the first year, SSB was faced with the tasks of providing employers, employees and the public with information on how earnings were to be reported, what benefits were available and how they were to be provided. In addition, sites for field installations had to be chosen and personnel to staff these offices had to be selected and trained

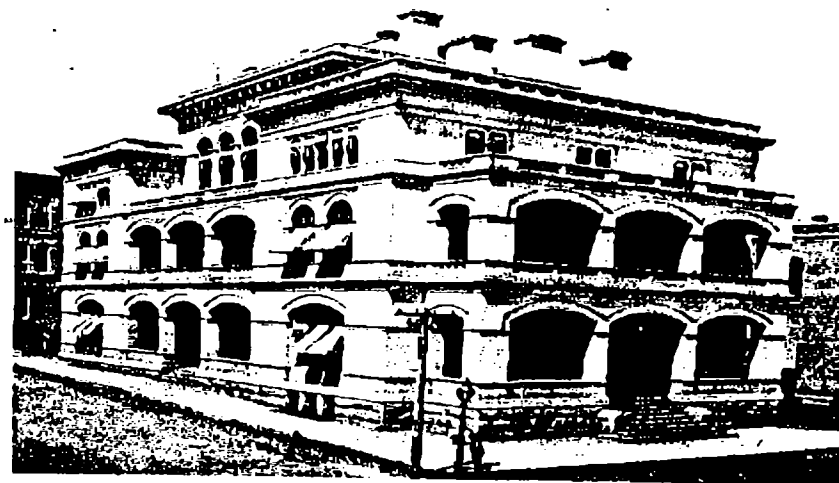
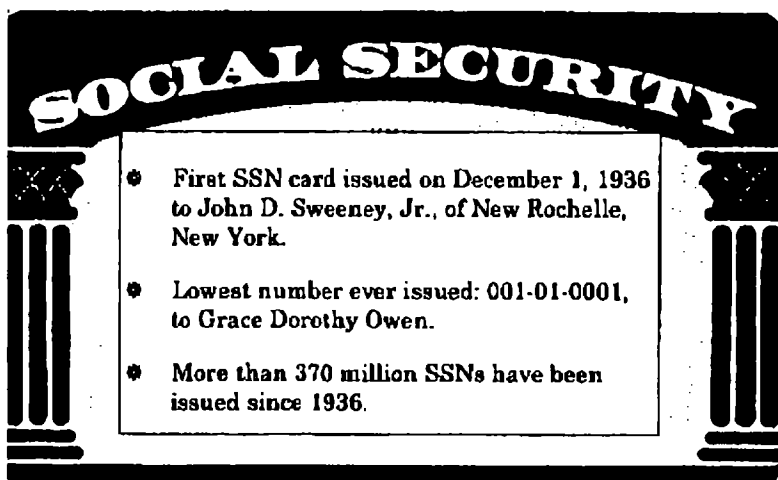


First meeting of the Social Security Board, August 23, 1935. Left to right: Arthur J. Altmeyer, John G. Winant (Chairman), and Vincent M. Miles.

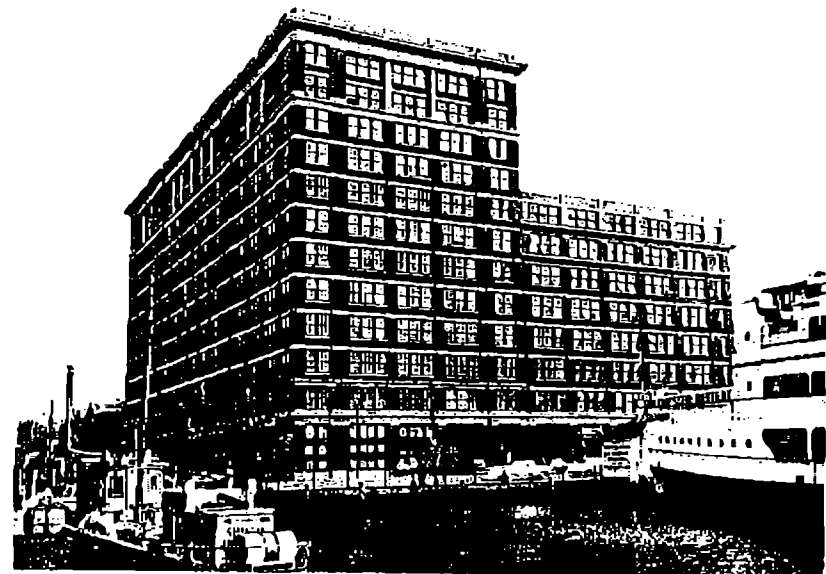
Early Work

The monumental first task was the need to register employers and workers by January 1, 1937, when workers would begin acquiring credits toward old-age insurance benefits. Since SSB did not have the resources available to accomplish this, they contracted with the U.S. Postal Service to distribute the applications. The post offices collected the completed forms and turned them over to Social Security field offices located near major post office centers. The applications then were forwarded to SSB's processing center located in Baltimore, Maryland, where Social Security numbers (SSNs) were registered and various employment records established (in a process known as enumeration). Over 35 million SSN cards were issued through this procedure.

By June 30, 1937, SSB had established 151 field offices to handle the enumeration process, with the first office opening on October 14, 1936, in Austin, Texas.



SSA's first District Office, in Austin, Texas, 1936.



The Candler Building in Baltimore, SSA's record-keeping center and the beginnings of SSA's presence in Baltimore.

Trust Funds

After Social Security numbers were assigned, the first Federal Insurance Contributions Act (FICA) taxes were collected, beginning in January 1937. Special Trust Funds were created for these dedicated revenues. Benefits were then paid from the monies in the Social Security Trust Funds. Over the years, more than \$4.5 trillion has been paid into the Trust Funds, and more than \$4.1 trillion has been paid out in benefits. The remainder is currently on reserve in the Trust Funds and will be used to pay future benefits.

First Payments

From 1937 until 1940, Social Security paid benefits in the form of a single, lump-sum payment. The earliest reported applicant for a lump-sum benefit was a retired Cleveland motorman named Ernest Ackerman, who retired one day after the Social Security program began. During his one day of participation in the program, a nickel was withheld from Mr. Ackerman's pay for Social Security, and, upon retiring, he received a lump-sum payment of 17 cents. The average lump-sum payment during this period was \$58.06. The smallest payment ever made was for 5 cents.



Ernest Ackerman--an early Social Security beneficiary.

Monthly Benefits

Payments of monthly benefits began in January 1940, and were authorized not only for aged retired workers but for their aged wives or widows, children under age 18, and surviving aged parents. On January 31, 1940, the first monthly retirement check was issued to Ida May Fuller of Ludlow, Vermont, in the amount of \$22.54. Miss Fuller died in January 1975 at the age of 100. During her 35 years as a beneficiary, she received over \$20,000 in benefits.



Ida May Fuller, the first recipient of monthly benefit checks.

Organizational & Program Changes

In July 1939, the Board was organizationally placed under the newly created Federal Security Agency (FSA). As a result, the SSB chairman no longer reported directly to the President, but rather to the Administrator of FSA. In August of that same year, the Social Security Act was amended to provide protection for the insured worker's family as well as for the worker.

During the 1940s, Congress made no major changes in old-age and survivors insurance, as it gave priority to legislation relating to the war and the problems of postwar adjustment. However, certain administrative changes took place when, on July 16, 1946, as part of the FSA's reorganization, the three-member SSB was abolished and replaced by the Social Security Administration (SSA), with Arthur J. Altmeyer becoming its first Commissioner. SSA continued under the direction of FSA until April 11, 1953, when it was replaced by the Department of Health, Education and Welfare (HEW). With the creation of HEW, the Commissioner reported to the Secretary of the newly formed department.



*Arthur J. Altmeyer,
SSA's first Commissioner*

Disability

The Social Security Amendments of 1954 initiated a disability insurance program which provided the public with additional coverage against economic insecurity. At first, there was a disability "freeze" of a worker's Social Security record during the years when they were unable to work. While this measure offered no cash benefits, it did prevent such periods of disability from reducing or wiping out retirement and survivor benefits. On August 1, 1956, the Social Security Act was amended to provide benefits to disabled workers aged 50-65 and disabled adult children. Over the next 2 years, Congress broadened the scope of the program, permitting disabled workers under age 50 and their dependents to qualify for benefits. By 1960, 559,000 people were receiving disability benefits, with the average benefit amount being around \$80 per month.



President Eisenhower signs the 1954 disability "freeze" legislation

Medicare & Other Changes

The decade of the 1960s brought major changes to the Social Security program. Under the Amendments of 1961, the age at which men are first eligible for old-age insurance was lowered to 62, with benefits actuarially reduced (women previously were given this option in 1956). This created an additional workload for the Agency as more beneficiaries entered the rolls. The number of people receiving disability benefits more than doubled from 1961 to 1969, increasing from 742,000 to 1.7 million.

The most significant administrative change involved the signing of the Medicare bill on July 30, 1965, by President Lyndon Johnson. With the signing of this bill, SSA became responsible for administering a new social insurance program that extended health coverage to almost all Americans aged 65 or older. Nearly 20 million beneficiaries enrolled in Medicare in the first 3 years of the program. SSA would continue to have responsibility for all aspects of the Medicare program until a 1977 reorganization created the Health Care Financing Administration (HCFA) as a sister agency in HEW. HCFA assumed administrative responsibility for Medicare at that time.

In addition to this legislation, workloads increased even more due to the Tax Adjustment Act of 1966. This law included a provision commonly referred to as the "Prouty Amendment," which directed SSA to begin making monthly payments to persons aged 72 and over who were not otherwise eligible for regular Social Security retirement benefits.

In 1969 the Agency's responsibilities were extended even further by the Federal Coal Mine Health and Safety Act. Under this act, SSA was directed to process claims and pay benefits to disabled coal miners who have "black lung" disease and to their dependents or survivors.



President Johnson signs the Medicare program into law. Looking on are former President Harry Truman, who received the first Medicare card at the ceremony, Lady Bird Johnson, Vice-President Hubert Humphrey, and Mrs. Truman.

SSA Expands and Changes

During the first year following the enactment of Medicare, new benefit claims more than doubled from the previous year. As a result, the Agency began to recruit and train as many new employees as its budgetary limitations permitted. The Black Lung and Prouty programs likewise caused increases in workloads and increases in SSA staffing.

Although increased staffing provided much needed relief, it was obvious that merely increasing the number of employees was not a long-term solution. Consequently, it was determined that the only adequate long-term response to the dramatic workload increases was to launch a coordinated effort to restructure the organization, streamline its workflows, and accelerate the development of improved computer systems. These changes helped SSA bring its massive new workloads under manageable control.

SSI

In the 1970s, SSA became responsible for a new program, Supplemental Security Income (SSI). In the original 1935 Social Security Act, programs were introduced for needy aged and blind individuals and, in 1950, needy disabled individuals were added. These three programs were known as the "adult categories" and were administered by State and local governments with partial Federal funding. Over the years, the State programs became more complex and inconsistent, with as many as 1,350 administrative agencies involved and payments varying more than 300% from State to State.

In 1969, President Nixon identified a need to reform these and related welfare programs to "bring reason, order, and purpose into a tangle of overlapping programs." In 1971, Secretary of Health, Education and Welfare, Elliott Richardson, proposed that SSA assume responsibility for the "adult categories." In the Social Security Amendments of 1972, Congress federalized the "adult categories" by creating the SSI program and assigned responsibility for it to SSA.

SSA was chosen to administer the new program because of its reputation for successful administration of the existing social insurance programs. SSA's nationwide network of field offices and large-scale data processing and record-keeping operations also made it the logical choice to perform the major task of converting over 3 million people from State welfare programs to SSI. To cope with the influx of new beneficiaries SSA hired approximately 10,000 new employees and opened several hundred new field offices. In addition, SSA installed the SSA Data Acquisition & Response System (SSADARS), a new nationwide computer network that provided online data retrieval and file updating capabilities.

At the start of the program in 1974 there were 3.2 million SSI beneficiaries receiving an average payment of \$114 per month. By the end of 1994, there were 6.2 million beneficiaries and the average payment amount was \$351.

HHS Is Created

In May 1980, the Department of Health and Human Services (HHS) was created in a cabinet-level reorganization that removed the education function and placed it in a separate department. SSA and HCFA remain sister agencies in the new Department of Health and Human Services.

Disability Changes

The Social Security Amendments of 1980 made many changes in the disability program. Most of these changes focused on various work incentive provisions for both Social Security and SSI disability benefits.

The 1980 Amendments also required SSA to conduct periodic reviews of current disability beneficiaries to certify their continuing eligibility. This was to become a massive workload for SSA and one that was highly controversial. By 1983, the reviews had been halted, and in 1984, Congress passed the Disability Benefits Reform Act modifying several aspects of the disability program.

The 1983 Amendments

In the early 1980s the Social Security program faced a serious long-term financing crisis. President Reagan appointed a blue-ribbon panel, known as the Greenspan Commission, to study the financing issues and make recommendations for legislative changes. The final bill, signed into law in 1983, made numerous changes in the Social Security and Medicare programs, including the taxation of Social Security benefits, the first coverage of Federal employees under Social Security and an increase in the retirement age in the next century.



President Reagan signs the 1983 Amendments into law. Also pictured, left to right: Senator Bob Dole (R-KS); Rep. J.J. Pickle (D-TX); Rep. Claude Pepper (D-FL); Rep. Bob Michel (R-IL); Senator Daniel Patrick Moynihan (D-NY); Rep. Thomas P. O'Neill (D-MA); Rep. Barber Conable (R-NY); and Senator Howard Baker (R-TN).

Systems Modernization

During the 1970s and into the 1980s, SSA's automated computer systems, which once were state-of-the-art had deteriorated significantly. Some workloads were seriously backlogged and SSA came within a few hours of not getting the January 1980 checks issued on time because of computer problems.

SSA developed a comprehensive response to the need for computer modernization in its Systems Modernization Plan (SMP), published in February 1982. The objective of the SMP was nothing less than a thorough overhaul of every aspect of SSA's computer systems. The SMP was a major success and it positioned SSA to adapt to the changes of the 1980s and to take advantage of new and emerging technologies in the 1990s and beyond.

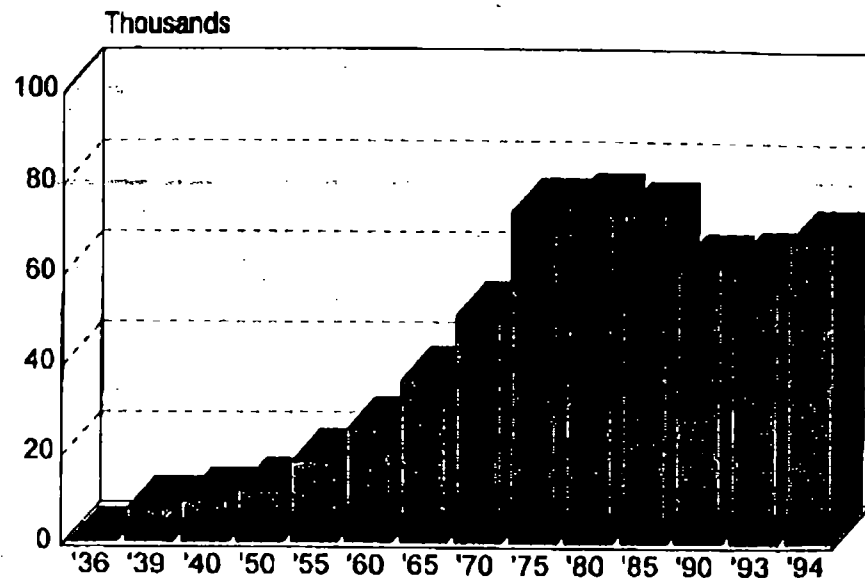
The "before & after" of systems modernization

1982	Today
<ul style="list-style-type: none"> It took <i>6 weeks</i> to receive a Social Security card 	<ul style="list-style-type: none"> Now issued in <i>5 days</i>
<ul style="list-style-type: none"> It took <i>39 months</i> to post annual wage reports 	<ul style="list-style-type: none"> Now done in <i>6 months</i>
<ul style="list-style-type: none"> It took <i>4 years</i> to do annual recomputations for those entitled to higher benefits 	<ul style="list-style-type: none"> Now done in <i>6 months</i>
<ul style="list-style-type: none"> Annual cost-of-living increase (COLA) took <i>3 weeks</i> of computer processing 	<ul style="list-style-type: none"> Now done in <i>24 hours</i>
<ul style="list-style-type: none"> Emergency payments took <i>15 days</i> 	<ul style="list-style-type: none"> Now received in <i>5 days</i>

Staffing

As the programs for which SSA is responsible have grown over the years, the organization has grown to keep pace with its increased duties. The peak in SSA staffing occurred in 1977, shortly after a major expansion due to the SSI program. At the end of fiscal year 1977, SSA had 80,054 full-time permanent staff. In the early 1980s, SSA undertook a major downsizing of the organization, cutting almost 25 percent of its staff over a 5-year period. In January 1995, SSA employed 61,315 full-time permanent staff.

Full-time permanent staffing over the years



Program Growth

From its modest beginnings, Social Security has grown to become an essential facet of modern life. One in seven Americans receives a Social Security benefit, and more than 90 percent of all workers are in jobs covered by Social Security. From 1940, when slightly more than 222,000 people received monthly Social Security benefits, until today, when over 42 million people receive such benefits, Social Security has grown steadily. The SSI program has nearly doubled in size over the years from its inception in 1974.

Beneficiaries over the years

Social Security		SSI	
1937	53,236*	1974	3,249,000
1938	213,670*	1975	4,360,000
1939	174,839*	1980	4,194,000
1940	222,000	1985	4,200,000
1950	3,477,000	1990	4,888,000
1960	14,845,000	1994	6,295,000
1970	26,229,000		
1980	35,585,000		
1990	39,832,000		
1994	42,883,000		

* Recipients of one-time lump-sum payments.



More than 3 million children get a Social Security check each month because a parent retired, became disabled or died.

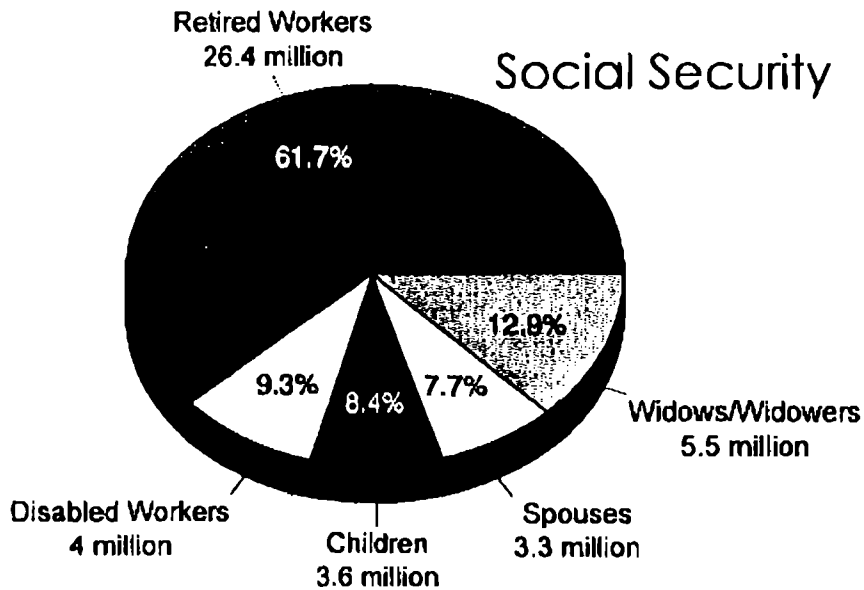


More than 26 million retired workers receive Social Security every month.

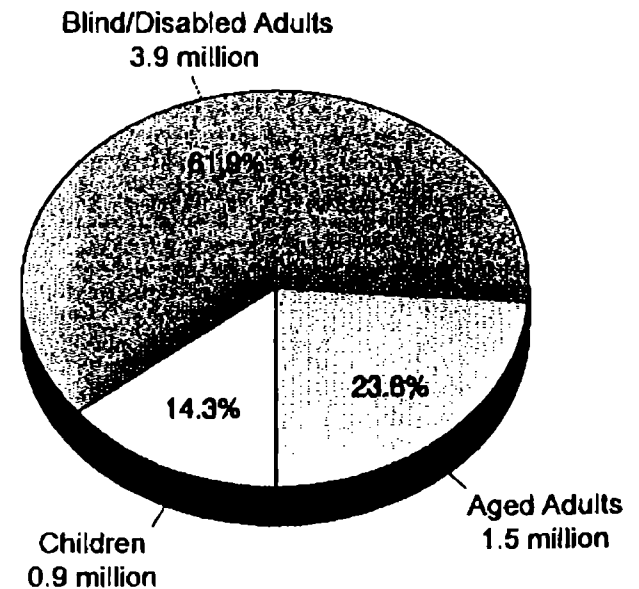


About four out of five workers can count Social Security if they become disabled. More than 4 million disabled workers get Social Security checks today, along with about 1.5 million family members.

Social Insurance Beneficiaries Today (12/94)



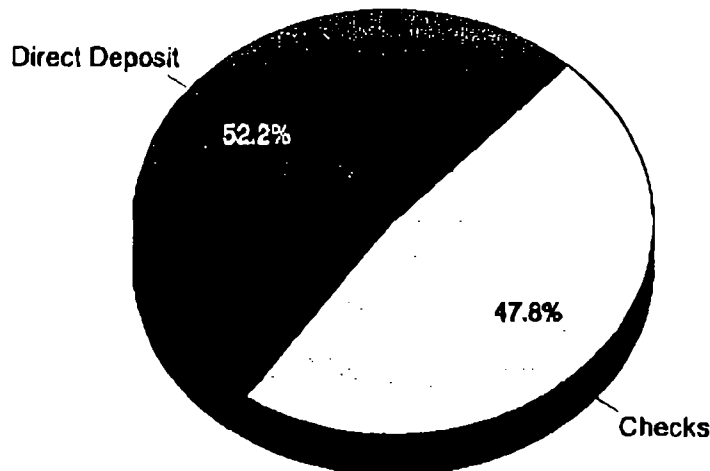
SSI Beneficiaries Today (12/94)



Payments over the years

Social Security		SSI*	
1937	\$1,278,000	1974	\$5,096,000,000
1938	\$10,478,000	1975	\$5,716,000,000
1939	\$13,896,000	1980	\$7,714,000,000
1940	\$35,000,000	1985	\$10,749,000,000
1950	\$961,000,000	1990	\$16,132,000,000
1960	\$11,245,000,000	1994	\$25,291,000,000
1970	\$31,863,000,000		
1980	\$120,511,000,000	* Includes only federally administered payments	
1990	\$247,796,000,000		
1994	\$316,812,000,000		

One recent innovation in payments was the introduction of direct deposit in 1976. Since then, the percentage of beneficiaries receiving their benefits by direct deposit has grown steadily so that today more than 52 percent of all payments are issued this way.



Recent Legislation

Between the passage of the Disability Benefits Reform Act of 1984 and the Social Security Independence and Program Improvements Act of 1994, Congress passed 80 laws containing provisions affecting the programs administered by SSA. The vast majority of these bills involved "technical" corrections and minor changes in program provisions. Significant changes during this period included:

P.L. 99-177 (12/11/85): Placed the Social Security Trust Funds "off budget" for most purposes.

P.L. 99-643 (11/10/86): Expanded and made permanent provisions allowing special SSI cash payments and Medicaid coverage to certain individuals who work despite severe impairments.

P.L. 100-360 (7/1/88): Created the Medicare Catastrophic Coverage Program (repealed in 1989).

P.L. 101-239 (12/19/89): Required SSA by 1999 to send annual Personal Earnings & Benefit Estimate Statements to virtually all persons working under Social Security.

P.L. 103-66 (8/10/93): Increased the percentage of Social Security benefits subject to income taxes, repealed the limit on earnings subject to the Medicare portion of the Social Security tax and required States to begin reimbursing the Federal Government for the costs of administering the State supplements to SSI benefits.

P.L. 103-296 (8/15/94): In addition to making SSA an independent agency, placed new restrictions on Social Security and SSI disability benefits paid to those disabled due to drug addiction or alcoholism.

P.L. 103-387 (10/22/94): Raised the threshold for Social Security coverage of the earnings of domestic workers.

Independence

Throughout the 1980s and 1990s, there was growing bipartisan support for removing SSA from under its departmental umbrella and establishing it as an independent agency. Finally, in 1994 the Social Security Independence and Program Improvements Act of 1994 (P.L. 103-296) was passed unanimously by Congress and, in a ceremony in the Rose Garden of the White House, President Bill Clinton signed the act into law on August 15, 1994.



President Clinton signs legislation to make SSA an independent agency, using the same pen used by President Roosevelt when he signed the bill creating Social Security, as Secretary of Health & Human Services Donna Shalala looks on. — August 15, 1994

President Clinton's statement at the White House bill-signing ceremony for the Independent Agency:

... When Franklin Roosevelt made a speech to the New York legislature in 1931, he said this: "The success or failure of any government must be measured by the well-being of its citizens." That was the goal that moved him 59 years ago yesterday. On that day, in a ceremony in the Cabinet Room, just behind us, he signed the Social Security Act into law. And that is what guides us today.

With an independent Social Security Administration, we are reinventing our government to streamline our operations so that we can serve the American people better. We are strengthening those things which Social Security ought to do, and taking precautions to make sure it does not do things which it ought not to do. It is proving that government can still work to improve people's lives. And now Social Security, we know, will work even better.

For millions of Americans, that signature 59 years ago transformed old age from a time of fear and want to a period of rest and reward. It empowered many American families as well, freeing them to put their children through college to enrich their own lives, knowing that their parents would not grow old in poverty. . . President Roosevelt said then that that session of Congress would be regarded as historic for all time. . .

What we do here today maintains that historic commitment. If we keep focus on the work we are sent here to do, what we do here today can be but the precursor of things that we also can do to benefit the American people that will be historic for all time.

William Clinton August 15, 1994

Statements about the independence legislation

"Yesterday, Social Security turned 59 years old. Today, it is reborn as an independent agency. What a great birthday present for the American people. Mr. President, by making the Social Security Administration an independent agency, you are renewing the pledge made by Franklin Roosevelt in 1935--to 'give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-stricken old age.' . . . Fifty-nine years from today we will look back at this day and know that our commitment to the American people has not faltered, but matured gracefully over the years."

Secretary of Health & Human Services, Donna Shalala, 8/15/94

"Mr. President, this bill comes to you from a unanimous Senate and a unanimous House of Representatives. . . . There are 42 million people now receiving Social Security, and 135 million Americans pay into the fund. These are, in the truest sense, stockholders in this great enterprise, and they are entitled to the understanding that it is independent, vigilant and sound. This legislation, I believe, ensures this. . . ."

Senator Daniel Patrick Moynihan (D-NY), Chairman, Senate Finance Committee, 8/15/94

"An independent Social Security Administration is the first step in restoring public confidence in America's social security system. The new Social Security Administration will be a far more efficient, far more vigilant, and far more responsive agency for Oregonians and all Americans who depend on Social Security programs."

Senator Bob Packwood (R-OR) Ranking Minority Member, Senate Finance Committee, 8/15/94

"Sixty years ago an infant was born here--Social Security. Today, it has become an independent institution. In all those 60 years, it has kept its word, it has kept to its mark, it is sound, it is solvent, it is independent, and it is as free as anything can be in a democratic society from political manipulation. And so we celebrate that. . . ."

Congressman Sam Gibbons (D-FL), Acting Chairman, House Ways & Means Committee, 8/15/94

"I am extremely pleased to be here today, in support of the conference agreement. . . . which represents the culmination of congressional action I helped initiate over a decade ago. Bringing soundness to the Social Security system has been one of my chief legislative priorities. . . . We owe it not just to our senior citizens, but to our children and the obligations we leave them."

Congressman Bill Archer (R-TX), Ranking Minority Member, House Ways & Means Committee, 08/11/94

"Now on this 11th day of August, 1994, A.D., the Liberty Bell can ring for the Social Security system. The House of Representatives, by what it is about to do, will take the final action in a 10-year effort . . . to make a declaration of independence for the Social Security system."

Congressman Andy Jacobs, (D-IN), Chairman, House Social Security Subcommittee, 08/11/94

"I rise enthusiastically in support of (the independence legislation) and urge my colleagues to join me in once again approving this monumental piece of legislation to restore independence to the Social Security Administration."

Congressman Jim Bunning (R-KY), Ranking Minority Member, House Social Security Subcommittee, 08/11/94

Timeline

Social Security Act signed	1935
Social Security Board created	1935
First District Office opened in Austin, TX	1936
First Social Security numbers issued	1936
First lump-sum benefits paid	1937
Social Security Board became part of Federal Security Agency (FSA)	1939
Coverage expanded to include dependents and survivors	1939
Monthly benefit payments began	1940
SSA created	1946
HEW created, replaced FSA	1953
Coverage expanded to include disability	1956
Medicare signed into law	1965
SSI began	1974
HHS created, replaced HEW	1980
SSA became an independent agency	1995

Key Dates

1930s

Federal legislation to promote economic security was recommended in President Franklin D. Roosevelt's Message to Congress.	6/8/34
President Roosevelt created the Committee on Economic Security to study the problems related to economic security and to make recommendations for a program of legislation.	6/29/34
The Committee on Economic Security's recommendations were introduced in the 74th Congress.	1/17/35
The Social Security Act was passed in the House of Representatives, 372 to 33.	4/19/35
The Social Security Act was passed in the Senate by a vote of 77 to 6.	6/19/35
The Social Security Act became law with President Roosevelt's signature.	8/14/35
The Senate confirmed the President's nomination of the original members of the Social Security Board, John G. Winant, Chairman; Arthur J. Altmeyer, and Vincent M. Miles.	8/23/35
The first field office was opened in Austin, Texas.	10/14/36
The Baltimore office for record-keeping operations opened in the Candler Building.	11/9/36
Applications for Social Security account numbers were distributed by the Post Office.	11/24/36

John D. Sweeney, Jr. of New Rochelle, New York was issued the first Social Security card. 12/1/36

Workers began to acquire credits toward old-age insurance benefits. 1/1/37 ←

First applications for benefits filed. Ernest Ackerman, a retired Cleveland motorman, was among the first to apply. 1/37

President Roosevelt accepted the resignation of John G. Winant from the Social Security Board and appointed Arthur J. Altmeyer as the new Chairman. 2/19/37

First Social Security benefits paid (one-time lump-sum only). 3/11/37

Under the Federal Reorganization Act of 1939, the Social Security Board was made part of the newly established Federal Security Agency. 7/1/39

Arthur J. Altmeyer was reappointed for a 6-year term as the Chairman of the Social Security Board. 8/3/39

The Social Security Amendments of 1939 broadened the program to include dependents' and survivors' benefits. 8/10/39

1940s

Monthly benefits first became payable under old-age and survivors insurance to aged retired workers and their dependents and to survivors of deceased insured workers. 1/1/40

Ida May Fuller became the first person to receive an old-age monthly benefit check under the new Social Security Law. 1/31/40

In a special message to Congress, President Harry S. Truman proposed a comprehensive, prepaid medical insurance plan for all people through the Social Security system. 11/19/4

Under the President's Reorganization Plan of 1946, the Social Security Board was abolished and replaced with the Social Security Administration; Arthur J. Altmeyer became first Commissioner of Social Security. 7/16/46

1950s

Social Security Act Amendments established a program of aid to the needy who are permanently and totally disabled. 8/28/50

William L. Mitchell became Acting Commissioner of Social Security. 4/10/51

The Federal Security Agency was abolished and its functions transferred to the newly formed Department of Health, Education and Welfare. 4/11/53

John W. Tramburg became Commissioner of Social Security. 11/24/53

Charles I. Schottland became Commissioner of Social Security. 8/26/54

The Social Security Amendments established a disability "freeze" to help prevent the erosion of a disabled worker's benefits. 9/1/54

The Social Security Act was amended to provide monthly benefits to permanently and totally disabled workers aged 50-64 and for adult children of deceased or retired workers, if disabled before age 18. 8/1/56

Ground was broken for the Woodlawn building complex. 11/57

William L. Mitchell became Commissioner of Social Security. 2/4/59

1960s

Dedication ceremony for the Social Security Administration's Woodlawn headquarters. 7/1/60

The Social Security Amendments of 1961 were signed by President John Kennedy, permitting all workers to elect reduced retirement at age 62. 6/30/61

Robert M. Ball became Commissioner of Social Security. 4/17/62

Employees began to occupy the Annex Building in Woodlawn. 5/4/64

President Lyndon B. Johnson signed the Medicare Bill in the presence of former President Truman who proposed this legislation in his message to Congress in 1945. 7/30/65

The Tax Adjustment Act of 1966, which was signed by President Johnson, included the Prouty amendment that allowed people age 72 and older to qualify for benefits without any Social Security coverage. 3/15/66

Lyndon Johnson, the only President to visit the Social Security Administration's headquarters, arrived to participate in the 15th Annual Honor Awards Ceremony. 10/12/66

The Bureau of Disability Insurance completed its move to the Dickinson Building. 2/69

Personnel moved into the new Supply Building located at the Woodlawn complex. 11/69

President Richard M. Nixon signed the Federal Coal Mine Health and Safety Act. 12/30/69

1970s

Official opening of the new East Building. 8/10/70

Social Security Amendments of 1972 signed into law by President Nixon. 10/30/72

The Administration Building at the Woodlawn complex was renamed in honor of Arthur J. Altmeyer who died on October 16, 1972. 1/19/73

Arthur E. Hess became Acting Commissioner of Social Security. 3/27/73

Dedication ceremony for the new West Building, located at the Woodlawn complex. 8/20/73

James B. Cardwell became Commissioner of Social Security. 10/1/73

Supplemental Security Income went into operation as a result of the Social Security Amendments of 1972. 1/1/74

HEW reorganization was announced in the Federal Register, transferring Medicare to HCFA. 3/9/77

Don I. Wortman became Acting Commissioner of Social Security. 12/12/77

Stanford G. Ross became Commissioner of Social Security. 10/5/78

The Metro-West Building was completed. 12/79

1980s

Herbert R. Doggette, Jr. became Acting Commissioner of Social Security. 1/1/80

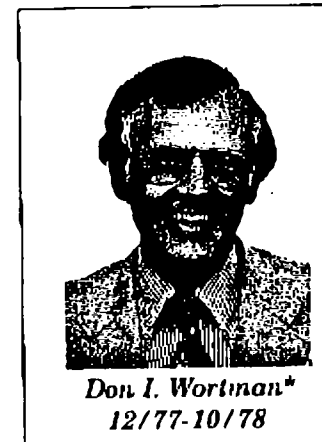
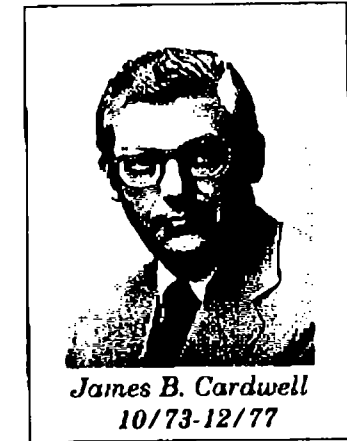
William J. Driver became Commissioner of Social Security.	1/3/80
SSA's new National Computer Center was opened.	11/80
DHEW became the Department of Health and Human Services.	5/4/80
Metro-West Building was dedicated.	10/29/80
Herbert R. Doggette, Jr. became Acting Commissioner of Social Security.	1/20/81
John A. Svahn became Commissioner of Social Security.	5/6/81
Martha A. McSteen became Acting Commissioner of Social Security.	9/14/83
Disability Benefits Reform Act of 1984 signed.	10/9/84
Dorcas R. Hardy became Commissioner of Social Security.	6/26/86
Gwendolyn S. King became Commissioner of Social Security.	8/1/89

1990s

Louis D. Enoff became Acting Commissioner of Social Security.	10/1/92
Lawrence H. Thompson became Acting Commissioner of Social Security.	7/18/93
Shirley S. Chater became Commissioner of Social Security.	10/8/93
Vice President Al Gore visited SSA to promote the principles highlighted in the National Performance Review. Mr. Gore's arrival marks the first visit of a Vice President to SSA headquarters.	6/6/94

Independent Agency legislation passed unanimously in the Senate.	8/5/94
Independent Agency legislation passed unanimously in the House.	8/11/94
President Bill Clinton signed legislation to make SSA an independent agency.	8/15/94
SSA became an independent agency.	3/31/95

Commissioners of Social Security



*Acting

*Acting



*Herbert R. Doggette, Jr.**
1/80-1/80



William J. Driver
1/80-1/81



*Herbert R. Doggette, Jr.**
1/81-5/81



John A. Svahn
5/81-9/83



*Martha A. McSteen**
9/83-6/86



Dorcas R. Hardy
6/86-8/89



Gwendolyn S. King
8/89-10/92



*Louis D. Enoff**
10/92-7/93



*Lawrence H. Thompson**
7/93-10/93



Shirley S. Chater
10/93-

*Acting

*Acting



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SOCIAL SECURITY ADMINISTRATION
HISTORIAN'S OFFICE

LARRY DEWITT/BOB KREBS
6401 SECURITY BLVD.
BALTIMORE, MD. 21235
(410) 965-8107/965-8106
FAX: (410) 965-8105

TO: Molly Brostrom
W.H. Policy Council

DATE: 10/2/96

FAX #: (202) 456-7028

PAGES: 23 (including cover sheet)

FROM: Larry DeWitt

SUBJECT: Brief History of Social Security

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