

SR

21

FISCAL NOTE

REQUEST: _____

Revision Date: _____ Agency Affected: _____
 Title: Relating to Social Security benefits BRU: _____
for persons born during the years 1917-1921
 Sponsor: Coghill
 Requestor: _____ Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Senate State Affairs Committee Phone: 465-4522
 Division: _____ Date: _____
 Approved by Senator Mitch Abood Date: 2-1-88
 Agency: Senate State Affairs Committee

Distribution (by preparer) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

100TH CONGRESS
1ST SESSION

S. 1830

To amend title II of the Social Security Act to provide for a more gradual period of transition (and a new alternative formula with respect to such transition) to the changes in benefit computation rules enacted in the Social Security Amendments of 1977 as they apply to workers born in years after 1916 and before 1930 (and related beneficiaries) and to provide for increases in their benefits accordingly, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 29 (legislative day, OCTOBER 16), 1987

Mr. SANFORD (for himself, Mr. SPECTER, Mr. LUGAR, Ms. MIKULSKI, and Mr. PRESSLER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title II of the Social Security Act to provide for a more gradual period of transition (and a new alternative formula with respect to such transition) to the changes in benefit computation rules enacted in the Social Security Amendments of 1977 as they apply to workers born in years after 1916 and before 1930 (and related beneficiaries) and to provide for increases in their benefits accordingly, and for other purposes.

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 "Social Security Notch
3 Adjustment Act".

4 SEC. 2. EXPANSION OF PERIOD OF TRANSITION; NEW ALTER-
5 NATIVE FORMULA WITH RESPECT TO SUCH
6 PERIOD.

7 (a) EXPANSION OF PERIOD OF TRANSITION.—Section
8 215(a)(4)(B)(i) of the Social Security Act (42 U.S.C.
9 415(a)(4)(B)(i)) is amended by striking "1984" and inserting
10 in lieu thereof "1992".

11 (b) ESTABLISHMENT OF NEW TRANSITIONAL FORMU-
12 LA.—Section 215(a) of such Act (42 U.S.C. 415(a)) is
13 amended by adding at the end thereof the following new
14 paragraph:

15 "(8)(A) Paragraphs (1) (except for subparagraph (C)(i)
16 thereof) and (4) do not apply to the computation or recompu-
17 tation of a primary insurance amount for an individual who
18 had wages or self-employment income credited for one or
19 more years prior to 1979, and who was not eligible for an
20 old-age or disability insurance benefit, and did not die, prior
21 to January 1979, if in the year for which the computation or
22 recomputation would be made the individual's primary insur-
23 ance amount would be greater if computed or recomputed
24 under subparagraph (B).

25 "(B) The primary insurance amount computed or recom-
26 puted under this subparagraph is the amount computed or

1 recomputed under section 215(a) as in effect in December
 2 1978 (for purposes of old-age insurance benefits in the case of
 3 an individual who becomes eligible for such benefits prior to
 4 1992) or as provided by section 215(d) (in the case of an
 5 individual to whom such section applies) reduced by the prod-
 6 uct derived by multiplying such amount by the sum of—

7 “(i) 5.0 percent;

8 “(ii) $\frac{1}{12}$ of 1 percent for each month beginning
 9 after the month in which an individual attains the age
 10 of 62 and before the month in which the individual at-
 11 tains the age of 65 with respect to which the individual
 12 is not entitled to old-age insurance benefits; and

13 “(iii) the applicable percentage for the year in
 14 which the individual becomes eligible for old-age insur-
 15 ance benefits, as determined by the following table:

“If the individual becomes eligible for such benefits in:	The applicable percentage is:
1979.....	2 percent
1980.....	4 percent
1981.....	6 percent
1982.....	8 percent
1983.....	10 percent
1984.....	12 percent
1985.....	14 percent
1986.....	16 percent
1987.....	18 percent
1988.....	20 percent
1989.....	22 percent
1990.....	24 percent
1991.....	26 percent.”.

16 (c) **APPLICABILITY OF OLD PROVISIONS.**—Section
 17 215(a)(5) of such Act (42 U.S.C. 415(a)(5)) is amended—

18 (1) by inserting “(A)” after “(5)”;

1 (2) by striking "For" and inserting in lieu thereof

2 "Except as provided in subparagraph (B), for";

3 (3) by striking "effect," and all that follows

4 through the period and inserting in lieu thereof

5 "effect."; and

6 (4) by adding at the end thereof the following new

7 subparagraph:

8 "(B) In applying this section as in effect December

9 1978 as provided in subparagraph (A)—

10 "(i) effective for January 1979, the dollar amount

11 specified in paragraph (3) of subsection (a) shall be in-

12 creased to \$11.50;

13 "(ii) the table for determining primary insurance

14 amounts and maximum family benefits contained in this

15 section in December 1978 shall be revised as provided

16 by subsection (i) for each year after 1978; and

17 "(iii) in the case of an individual to whom para-

18 graph (1) does not apply by reason of paragraph (8)—

19 "(I) subsection (b)(2)(C) shall be deemed to

20 provide that an individual's 'computation base

21 years' may include only calendar years in the

22 period after 1950 (or 1936 if applicable) and

23 ending with the calendar year in which such indi-

24 vidual attains age 65; and

1 “(II) the ‘contribution and benefit base’
2 (under section 230) with respect to remuneration
3 paid in (and taxable years beginning in) any calen-
4 dar year after 1981 shall be deemed to be
5 \$29,700.”.

6 (d) CONFORMING AMENDMENT.—Section 215(a)(3)(A)
7 of such Act (42 U.S.C. 415(a)(3)(A)) is amended in the
8 matter following clause (iii) by striking “(4)” and inserting in
9 lieu thereof “(4) or (8)”.

10 (e) EFFECTIVE DATE AND RELATED RULES.—

11 (1) Except as provided in paragraph (2), the
12 amendments made by this section shall be effective as
13 if included in the amendments made by section 201 of
14 the Social Security Amendments of 1977.

15 (2)(A) In any case in which an individual (under
16 title II of the Social Security Act) is entitled on the
17 date of enactment of this Act to monthly insurance
18 benefits under such title which were computed—

19 (i) under section 215 of the Social Security
20 Act as in effect (by reason of the Social Security
21 Amendments of 1977) after December 1978, or

22 (ii) under section 215 of such Act as in effect
23 prior to January 1979 by reason of subsection
24 (a)(4)(B) of such section (as amended by the Social
25 Security Amendments of 1977),

1 the Secretary of Health and Human Services (notwith-
2 standing section 215(f)(1)) of the Social Security Act)
3 shall recompute such individual's primary insurance
4 amount so as to take into account the amendments
5 made by this section and shall pay to such individual in
6 a lump sum the amount specified in subparagraph (B).

7 (B)(i) Except as provided in clause (ii), the amount
8 specified in this subparagraph is any additional amount
9 to which such individual is entitled (for the period be-
10 ginning with the first month for which such individual
11 was entitled to such benefits and ending with the
12 month preceding the first month with respect to which
13 recomputation under subparagraph (A) is effective) by
14 reason of such amendments.

15 (ii)(I) In the case of a primary insurance amount
16 applicable to monthly insurance benefits payable for
17 months before January 1987, the total amount payable
18 to any individual under subparagraph (A) on the basis
19 of such primary insurance amount is \$1,000.

20 (II) If the amount payable under subparagraph
21 (A) on the basis of such primary insurance amount
22 would (except for subclause (I)) exceed \$1,000, any in-
23 dividual receiving monthly insurance benefits on the
24 basis of such amount shall receive such benefits in the
25 same proportion as the benefits would be received in

1 January 1987 (except that no such individual shall re-
2 ceive less than \$300).

3 (C) In the case of any individual who—

4 (i) is entitled on the date of enactment of this
5 Act to monthly insurance benefits under title II of
6 the Social Security Act,

7 (ii) dies after such date and before the date
8 on which payment is made under subparagraph
9 (A), and

10 (iii) is an individual with respect to whom
11 monthly insurance benefits under title II of the
12 Social Security Act are payable on the basis of
13 such individual's primary insurance amount;

14 the amount payable to such individual under paragraph
15 (A) shall be paid (on an equal basis) to individuals who
16 (for any month beginning with December 1986 and
17 ending with the month such individual dies) are entitled
18 or eligible to receive such benefits on the basis of the
19 deceased individual's primary insurance amount. If
20 there is no individual for whom payment can be made
21 under the preceding sentence, a lump sum not to
22 exceed \$300 may be paid (in accordance with this title)
23 to cover the funeral expenses of such deceased indi-
24 vidual.

1 SEC. 3. MODIFICATION OF AGE AT WHICH MONTHLY EARN-
2 INGS OF CERTAIN INDIVIDUALS ARE NO
3 LONGER COUNTED IN DETERMINING PRIMARY
4 INSURANCE AMOUNT.

5 (a) IN GENERAL.—Section 215(a)(5)(B) of the Social
6 Security Act, as added by section 1(c), is amended—

7 (1) by striking “and” at the end of clause (ii);

8 (2) by striking the period at the end of clause (iii)

9 and inserting in lieu thereof “; and”; and

10 (3) by adding at the end thereof the following new
11 clause:

12 “(iv) in the case of an individual to whom para-
13 graph (1) does not apply by reason of paragraph (3),
14 subsection (b)(2)(C) shall be deemed to provide that an
15 individual’s ‘computation base years’ may include only
16 calendar years in the period after 1950 (or 1936 if ap-
17 plicable) and ending with the calendar year in which
18 such individual attains age 70.”.

19 (b) EFFECTIVE DATE.—

20 (1) Subject to paragraph (2), the amendments
21 made by subsection (a) shall apply with respect to ben-
22 efits payable under title II of the Social Security Act
23 in or after January 1986.

1 (2) The amendments made by subsection (a) shall
2 not have the effect of reducing or otherwise adversely
3 affecting any monthly insurance benefit which is pay-
4 able under title II of the Social Security Act.

○