

104TH CONGRESS
2^D SESSION

H. R. 4274

To require the Commissioner of Social Security and the Secretary of the Treasury to develop and implement measures to eliminate and prevent mismatching of earnings information maintained by the Social Security Administration and the Internal Revenue Service resulting in underpayment of social security benefits.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 1996

Mr. BROWN of California (for himself, Mr. DEFAZIO, Mr. SANDERS, Mr. DELUMS, Mr. MILLER of California, and Mr. EVANS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To require the Commissioner of Social Security and the Secretary of the Treasury to develop and implement measures to eliminate and prevent mismatching of earnings information maintained by the Social Security Administration and the Internal Revenue Service resulting in underpayment of social security benefits.

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. FINDINGS AND PURPOSES.**

2 (a) INITIAL FINDINGS.—The Congress finds the fol-
3 lowing:

4 (1) Over the last 5 decades, billions of dollars
5 in social security taxes have been paid by American
6 workers but have not been credited to their social se-
7 curity earnings records. When the Social Security
8 Administration is not able to match information on
9 annual earnings reports to existing workers' earn-
10 ings records, the amount of such earnings reported
11 are credited by the Administration in a "suspense
12 file" of uncredited earnings.

13 (2) Largely due to the inflexible matching pol-
14 icy of the Social Security Administration and an un-
15 acceptable number of errors made by employers on
16 annual earnings reports submitted to the Adminis-
17 tration, the suspense file has accumulated approxi-
18 mately 200,000,000 individual earnings reports to-
19 taling approximately \$200,000,000,000 in earnings.
20 These numbers continue to grow.

21 (3) Because earnings are used to determine an
22 individual's eligibility and benefit amount,
23 uncredited earnings can affect social security benefit
24 payments. Current beneficiaries have lost, and con-
25 tinue to lose, benefits because of the failure of the
26 Social Security Administration to correctly credit

1 their earnings. This has the practical effect of deny-
2 ing millions of hard-working Americans up to hun-
3 dreds of dollars on their monthly retirement or dis-
4 ability benefits.

5 (b) FURTHER FINDINGS.—The Congress further
6 finds the following:

7 (1) Current and future retirees should receive
8 the full social security benefits to which they are en-
9 titled.

10 (2) The impact of uncredited earnings on social
11 security beneficiaries has not been adequately deter-
12 mined. An examination of the practical effects of
13 uncredited earnings on individuals' benefits should
14 be conducted, in order that beneficiaries who are due
15 higher benefits or retroactive payments can be com-
16 pensated accordingly.

17 (c) PURPOSE.—It is the purpose of this Act to ensure
18 that the Social Security Administration, together with the
19 Secretary of the Treasury, will take prompt action to—

20 (1) determine and implement an effective proce-
21 dure to reconcile the wage reports currently in the
22 suspense file to the rightful beneficiaries, and

23 (2) put in place a system that will prevent fur-
24 ther mismatches.

1 **SEC. 2. STUDY.**

2 (a) IN GENERAL.—The Commissioner of Social Secu-
3 rity and the Secretary of the Treasury shall jointly under-
4 take, as soon as practicable after the date of the enact-
5 ment of this Act, a thorough study with respect to the
6 inability of the Social Security Administration to provide
7 for American workers their full social security benefits by
8 reason of insufficiency of information held by the Adminis-
9 tration necessary for correctly identifying accounts for the
10 earnings of such workers.

11 (b) MATTERS TO BE STUDIED.—The Commissioner
12 and the Secretary, in their study under this section, shall
13 address, analyze, and report specifically on the following
14 matters:

15 (1) the extent of, and the reasons for, the in-
16 ability of the Social Security Administration to
17 maintain accurate and current records of every
18 worker's annual earnings sufficient for determining
19 eligibility for, and the correct amount of, monthly in-
20 surance benefits under title II of the Social Security
21 Act,

22 (2) proposals for an effective procedure for
23 eliminating the current backlog of uncredited earn-
24 ings in the suspense file maintained by the Social
25 Security Administration,

1 (3) proposals for an effective procedure for re-
2 solving new discrepancies which would result in new
3 uncredited earnings, and

4 (4) any additional resources which the Social
5 Security Administration would require to carry out
6 effective procedures described in paragraphs (2) and
7 (3).

8 **SEC. 3. REMEDIAL MEASURES.**

9 Pursuant to the study carried out under section 2,
10 the Commissioner of Social Security and the Secretary of
11 the Treasury shall promptly—

12 (1) devise and implement a procedure for elimi-
13 nating, in accordance with an established time-
14 phased schedule, the backlog of uncredited earnings
15 currently contained in the suspense file maintained
16 by the Administration, and

17 (2) devise and implement a procedure for re-
18 solving new discrepancies which would prevent the
19 addition of future uncredited earnings in the sus-
20 pense file.

21 **SEC. 4. REPORT.**

22 The Commissioner of Social Security and the Sec-
23 retary of the Treasury shall submit to the Committee on
24 Ways and Means of the House of Representatives and the
25 Committee on Finance of the Senate, not later than 180

1 days after the date of the enactment of this Act, a report
2 of the findings of the study conducted under section 2 and
3 the progress made in meeting the requirements of section
4 3. Such report shall include any recommendations for fur-
5 ther legislative action the Commissioner and the Secretary
6 consider appropriate.

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