



# **Social Security Provisions in the American Recovery and Reinvestment Act of 2009: Supplemental Appropriations, Economic Recovery Payments, and Tax Credits for Certain Government Retirees**

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## Summary

The American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5) provides more than \$1 billion in supplemental appropriations to the Social Security Administration (SSA) for administrative functions, a one-time \$250 payment to all Supplemental Security Income (SSI) recipients and adult Social Security beneficiaries, and a \$250 refundable tax credit to certain government retirees.

Of the more than \$1 billion appropriated to the SSA for administrative functions, \$500 million is to replace the agency's National Computer Center and \$500 million is to be spent on processing Social Security retirement and disability cases with up to \$40 million of this amount available for health information technology research and activities. In addition, the SSA Inspector General (IG) is appropriated \$2 million to provide audit and oversight of SSA activities funded by the act.

Every SSI recipient and adult Social Security beneficiary will receive a one-time economic recovery payment of \$250 under this act and certain federal, state, and local government retirees who are not eligible for the recovery payment will receive a \$250 refundable tax credit.

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## **Introduction**

The American Recovery and Reinvestment Act (ARRA; P.L. 111-5 ) provides more than \$1 billion to the Social Security Administration (SSA) for improvements to administration functions as well as funding for a one-time economic recovery payment of \$250 to all Supplemental Security Income (SSI) recipients, adult Social Security beneficiaries, adult Railroad Retirement and disability beneficiaries, and veterans compensation and pension beneficiaries.<sup>1</sup> The ARRA also provides for a one-time \$250 refundable tax credit for federal, state, and local government retirees who do not otherwise qualify for economic recovery payments.

## **Supplemental Appropriations to the SSA for Administrative Functions**

### **Total Funding**

The ARRA provides more than \$1 billion to the SSA for administrative functions. These supplemental appropriations are made to the SSA's Limitation on Administrative Expenses (LAE) account and to the SSA Inspector General (IG).<sup>2</sup>

### **New SSA National Computer Center**

The ARRA provides \$500 million for the replacement of the SSA's National Computer Center and the information technology costs associated with this center.

### **Processing of Retirement and Disability Workloads**

The ARRA provides \$500 million to the SSA for the processing of Social Security retirement and disability workloads.

### **Health Information Technology Research and Activities**

The ARRA provides that up to \$40 million of the \$500 million appropriated to the SSA for processing retirement and disability workloads may be spent on health information technology research and activities, including SSI cooperative research and demonstration projects, to facilitate the use of electronic medical records for disability claims.

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<sup>1</sup> This report focuses only on payments to SSI recipients and Social Security beneficiaries.

<sup>2</sup> For additional information on the administrative budget of the SSA, see CRS Report RS22677, *Social Security Administration: Administrative Budget Issues*, by Christine Scott.

## Inspector General

The ARRA appropriates \$2 million for the SSA Inspector General (IG). This funding is to remain available until September 30, 2012, and is to be used by the SSA IG to audit and provide oversight of SSA activities funded as part of the act.

**Table 1. Summary of Supplemental Appropriations to the SSA for Administrative Functions in the American Recovery and Reinvestment Act of 2009 (ARRA)**  
(in millions of dollars)

Activity	Appropriation
New SSA National Computer Center	500
Processing of Retirement and Disability Workloads	500
Health Information Technology Research and Activities	— <sup>a</sup>
SSA Inspector General	2
Administrative Costs Associated with One-Time Payments	90
<b>Total</b>	<b>1,092</b>

**Source:** Congressional Research Service (CRS).

- a. The ARRA provides that up to \$40 million of the \$500 million appropriated for the processing of retirement and disability workloads may be used for health information technology research and activities.

## Economic Recovery Payments to SSI recipients and Social Security Beneficiaries

Section 2201 of Division B of the ARRA provides for a one-time economic recovery payment of \$250 to all SSI recipients and adult Social Security retirement and disability beneficiaries.<sup>3</sup> This payment is to be made by the Department of the Treasury at the “earliest practicable date,” but not more than 120 days after enactment of the act.

### Eligibility for Economic Recovery Payments

To be eligible for the one-time economic recovery payment provided by the ARRA, a person must fall into one of the following categories:

1. The person must have been entitled to a cash benefit, other than a personal needs allowance, under the SSI program for at least one month during November or December 2008 or January 2009;
2. The person must have been entitled to one of the following types of Social Security benefits for at least one month during the three-month period that ends

<sup>3</sup> These economic recovery payments are also available to adult Railroad Retirement and disability beneficiaries and veterans compensation and pension beneficiaries.

with the month prior to the month in which the act containing the provision is enacted:

- Old-age (retirement) benefits;
- Disability insurance (SSDI) benefits;<sup>4</sup>
- Husband's or Wife's insurance benefits;
- Child's insurance benefits based on a disability that began before the age of 22;
- Widow's or Widower's insurance benefits;<sup>5</sup>
- Mother's, Father's, and Parent's insurance benefits;
- Benefits based on transitional insured status as provided by Section 227 of the Social Security Act; or
- Benefits for certain uninsured persons age 72 or older as provided by Section 228 of the Social Security Act.

### **Limitations on Eligibility**

No person may receive a recovery payment if his or her SSI or Social Security benefits are suspended because of his or her status as a prisoner, public institution inmate, parole or probation violator, fugitive, or illegal alien or if his or her benefits have been suspended because of fraud. No person may receive more than one payment, even if he or she is eligible under multiple categories.

### **Order and Administration of Payments**

All Supplemental Security Income (SSI) recipients, adult Social Security beneficiaries, adult Railroad Retirement and disability beneficiaries, and veterans compensation and pension beneficiaries are entitled to one \$250 payment, regardless of their participation in more than one of these programs. The SSA administers the payment to any recipient who receives SSI or Social Security along with veterans or Railroad benefits. Veterans beneficiaries who also receive benefits from the Railroad Retirement or disability program will receive their recovery payment through the Railroad Retirement Board (RRB).

### **Residency Requirement**

The ARRA requires that to receive an economic recovery payment, a person must be a resident of the United States or its territories.

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<sup>4</sup> For additional information on SSDI benefits, see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by Scott Szymendera.

<sup>5</sup> For additional information on Social Security Widow's or Widower's benefits, see CRS Report RS22294, *Social Security Survivors Benefits*, by Kathleen Romig and Scott Szymendera.

## **Limited Applicability to Retroactive Benefits**

The ARRA limits the eligibility of SSI recipients and Social Security beneficiaries who are awarded benefits after the date of the recovery payment but who are eligible for benefits retroactive to the three-month period before the enactment of the act. No recovery payment may be made for any reason after December 31, 2010, thus limiting eligibility to those who are awarded SSI or Social Security benefits before that date.

## **Assignment and Offset of Benefits**

The ARRA provides that the non-assignment clause of the Social Security Act applies to economic recovery payments.<sup>6</sup> Economic recovery payments may, however, be subject to an offset to collect delinquent debts owed to the U.S. government.

The amount of a person's "Making Work Pay" tax credit provided by Section 1001 of Division B of the ARRA is reduced by the value of any economic recovery payment he or she receives.

## **Treatment of Economic Recovery Payments by Other Means-Tested Programs and for the Purposes of Taxation**

The ARRA provides that the amount of the economic recovery payment may not be treated as income, or as a resource for the month of receipt and the following nine months, for the purpose of determining any individual's eligibility for or the amount of benefits or assistance from any federal, state, or local government program funded entirely or in part with federal funds. The economic recovery payment is not considered income for the purpose of taxation.<sup>7</sup>

## **Number and Cost of Economic Recovery Payments**

As of September 25, 2009, nearly 54.7 million economic recovery payments, totaling more than \$13.6 billion, were issued by the SSA, Department of Veterans Affairs (VA), and the RRB.

**Table 2** provides information of each agency's total number and amount of economic recovery payments as of September 25, 2009.

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<sup>6</sup> Sections 207 and 1631(d)(1) of the Social Security Act [42 U.S.C. §§ 407 and 1383(d)(1)]. With limited exception, benefits paid under Titles II and XVI of the Social Security Act may not be subject to assignment, attachment, garnishment, levy or any other legal process.

<sup>7</sup> For additional information on the taxation of Social Security benefits see CRS Report RL32552, *Social Security: Calculation and History of Taxing Benefits*, by Janemarie Mulvey and Christine Scott.

**Table 2. Number and Cost of One-Time Economic Recovery Payments to SSA, RRB, and VA Beneficiaries**  
(as of September 25, 2009)

Administering Agency	Number of Payments	Total Amount of Payments
Social Security Administration (SSA)	52,317,454	\$13,079,363,521 <sup>a</sup>
Railroad Retirement Board (RRB)	518,187	\$129,546,750
Department of Veterans Affairs (VA)	1,859,437	\$464,859,250
<b>Total</b>	<b>54,695,078</b>	<b>\$13,673,769,521</b>

**Source:** Congressional Research Service (CRS) table. Data taken from Financial and Activity Reports filed on September 25, 2009, by the SSA, RRB, and VA and available at <http://www.recovery.gov>.

- a. A total of 52,479,057 payments were administered by the SSA for a total of \$13,119,764,250. Data in the table includes returned or cancelled payments; 161,898 payments, which total \$40,473,876.95, were fully or partially cancelled or returned as a result of money owed to the federal government. An additional 542 payments, which total \$135,500, were returned by the individual recipients through personal checks or money orders. Further discrepancies can be explained by accounting and timing differences on the part of the SSA.

## Special Tax Credit for Certain Government Retirees

Section 2202 of Division B of the ARRA provides for a one-time \$250 refundable tax credit for certain government retirees who are not eligible for the economic recovery payment. To be an eligible individual, a person must have received in 2009 any pension or annuity payment for service performed for the federal government or any state, or local government, and must not have received an economic recovery payment. For example, this tax credit is available to federal government retirees who worked under the Civil Service Retirement System (CSRS) and did not pay into the Social Security system as well as state and local government retirees who were not covered by Social Security.

To be eligible to receive this tax credit, a retiree must file a tax return for tax year 2009. The Internal Revenue Service (IRS) has not yet published instructions on how tax filers may claim this tax credit when they file their 2009 income taxes.

## Treatment of the Government Retiree Tax Credit by Means-Tested Programs

The ARRA provides that for the month of receipt and the following two months, any credit or refund that the recipient is issued as a result of the government retiree tax credit will not be counted as income or resources for the purposes of determining any person's eligibility for or amount of, any means tested benefits provided by any federal or federally funded program.

## Legislation to Extend the Economic Recovery Payment Provision of the ARRA

In the 111<sup>th</sup> Congress, the following four bills have been introduced that would, if enacted, extend the economic recovery payment provision of the ARRA and allow eligible SSI recipients, adult Social Security and Railroad Retirement and disability beneficiaries, and veterans compensation and pension beneficiaries to receive an economic recovery payment in 2010:

- S. 1685, the Emergency Senior Citizens Relief Act of 2009, introduced by Senator Bernard Sanders of Vermont;
- H.R. 3597 and H.R. 3810, the Emergency Senior Citizens Relief Acts of 2009, introduced by Representative Peter DeFazio of Oregon; and
- H.R. 3691, the Seniors and Veterans Economic Stimulus Act of 2009, introduced by Representative Ginny Brown-Waite of Florida.

The extensions proposed by these bills would apply to new beneficiaries well as beneficiaries who received economic recovery payments under the ARRA.

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### Acknowledgment

Research assistance for this report was provided by Robert Valenti. All questions should be addressed to the key policy staff listed below.

### Key Policy Staff

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