



NCSSSA
BEST PRACTICES
FOR
STATE SOCIAL SECURITY
ADMINISTRATORS



STATE SOCIAL SECURITY ADMINISTRATOR BEST PRACTICES

HISTORY

When the Social Security Act was enacted in 1935, social security coverage was limited to private sector employees as it imposed an employment tax on workers and their employers. States, their political subdivisions and employees were not included in this legislation because there was a constitutional concern about the right of the Federal government to impose taxes on the States. Some states that did not have retirement systems, however, they expressed a desire to cover certain employees, and in the Social Security Amendments of 1950, Congress created Section 218 of the Social Security Act.

This federal law allows states, effective January 1, 1951, to enter into voluntary agreements with the Social Security Administration (SSA) for social security coverage. Once the federal-state agreement is in place, each state then enters into voluntary agreements with their political subdivisions to provide the desired coverage. Congress authorized, with the 1954 amendments to the Act (effective January 1, 1955), the social security coverage of individuals who are covered under their public employer's retirement system.

The cost of providing social security and medicare coverage for governmental employees under Section 218 is the same as that for employees who are mandatorily covered under the Federal Insurance Contributions Act (FICA).

DESIGNATED STATE OFFICIAL **(STATE SOCIAL SECURITY ADMINISTRATOR)**

Social Security Administration (SSA) regulation 20 CFR 404.1024 (State and Local Coverage Handbook (SLCH), Section 325) requires that each State designate at least one state official to act for the State in administering that state's Section 218 coverage agreement. This official, the State Social Security Administrator, acts for the State with respect to its responsibilities for maintaining and administering the provisions of the agreement. Responsibilities include:

- Taking appropriate steps with respect to the execution of modifications to the original agreement to include additional coverage groups, correct errors in modifications, or identify additional political subdivisions that join a covered retirement system;
- Conducting referenda on the coverage of services of individuals in positions under a retirement system;
- Providing the SSA with notice and evidence of the legal dissolution of covered State or political subdivision entities;
- Providing guidance to government employers on issues related to Section 218 coverage;
- Working with SSA and the Internal Revenue Service (IRS) in addressing coverage and taxation questions related to the agreement and modifications;
- Working with SSA in addressing Social Security contribution payment and wage reporting questions for wages paid prior to 1987;
- Maintaining physical custody, in a secure location, of the Section 218 Agreement, its modifications and all intrastate agreements;
- Serving as an intermediary for federal, state and local agencies educating public employers on coverage and benefit issues.
- Drafting and publishing rules, policies, procedures and standards for operation of the state social security administrator's office.

BACKGROUND

From the inception of the extension of Social Security coverage for state and local government employers in 1951, there has never been a best practices guide prepared to capture the full scope of duties a State Social Security Administrators could perform. Over the years through retirements and program changes, numerous practices have been lost. A best practices guide is critical for State Social Security Administrators to ensure the continuity of the program and to give new administrators a template for success. The benefit of a “best practices” guide stimulates positive program results and enables all administrators to contribute to administering the program efficiently and cost effectively.

The State Social Security Administrator’s role in state and local government Social Security and Medicare coverage is significant and can directly impact public sector employees that are entitlement to benefits. To this end, this document should be considered work-in-progress and suggested changes should always be forwarded to the Government Affairs Committee for consideration.

FUNCTIONAL CATEGORIES/BEST PRACTICES

COMMUNICATIONS

The State Administrator should develop and maintain communications with:

- Other State Social Security Administrators through the National Conference of State Social Security Administrators (NCSSSA) as needed and annually at the conference;
- SSA parallel social security offices quarterly;
- SSA regional and national office quarterly or as needed;
- IRS Federal, State and Local Government Office as a point of contact for issues concerning Section 218 coverage in their state;
- IRS local, regional and national offices;
- State's respective political subdivisions at least once annually to secure current contact and mailing information including: current legal status, possible subdivision name changes, address changes, telephone and fax numbers; email address, and/or Employer Identification Number(s); and
- As needed, state government oversight agencies, public employer associations, public retirement systems and other professional governmental associations.

FILE MAINTENANCE

- Maintain the state's official hardcopy file of all Section 218 agreements and coverage information (Master Fed-State agreements, modifications, dissolutions, intrastate agreements, necessary correspondence) in a secure environment;
- Maintain an electronic database in an easily accessible format that contains all covered entity contact and coverage data.
- Implement online "expert systems" with scripted answers to routine questions as well as direct, client online access to client's database.

EDUCATION/OUTREACH

- Organize, conduct or participate in educational outreach designed for the state's governmental employers at least semi-annually;
- Identify non-218 political subdivisions, on an annual basis, that provide retirement system coverage to their employees to insure the subdivision understands their obligations and responsibility under Section 218;

- Provide information, via newsletters, articles and presentations to the state's political subdivisions concerning requirements of Section 218 every quarter.
- Develop web site for on-line client information exchange.
- Network with governmental and professional associations and get involved in their conference committees and offer to coordinate conference presentations.
- Develop ongoing contact and liaison with state's congressional delegation and staff.

OPERATIONAL PROCESSES

- Develop internal, documented procedures for the administration of the Section 218 coverage program, including the conduct of referenda, preparation of modifications and notices of dissolutions.
- Develop standardized templates for coverage letters, referendum notices, referendum ballots, modifications, dissolutions and other required forms.

FUNDING

- Assess the state's covered political subdivisions, pursuant to existing state statutes, to ascertain the administrative costs for operating the Section 218 coverage program.

STAFFING

- Evaluate and maintain staffing levels commensurate with 218 program objectives and activities.
- Evaluate the possibility of an individual retaining the responsibilities of the State Social Security Administrator/Manager should this individual be transferred to another position within the agency.

LEGAL

- Obtain needed legal opinions and guidance from state Attorney General and SSA Regional Office.
- Contact legislative liaison to provide information on State's Social Security Program and responsibilities of the State Social Security Administrator.

PROGRAM STRATEGY

- Standardize and simplify primary Section 218 services.
- Develop performance standards based on local government needs.

- Apply technology to aggressively automate routine tasks, data maintenance and client interface.

RESOURCES

The state administrator routinely utilizes the following resources:

- **National Conference of State Social Security Administrators**
<http://www.ncssa.org/>
- **Social Security Administration**
<http://www.socialsecurity.gov>
<http://www.ssa.gov/slge/>
- **Internal Revenue Service**
<http://www.irs.gov/>
<http://www.irs.gov/govt/fslg/index.html>

Legal Citations

Section 218 of the Social Security Act (**42 USC 418**)
Section 209 of the Social Security Act (**42 USC 409**)
Section 210 of the Social Security Act (**42 USC 410**)
Section 3101 of the Internal Revenue Code
Section 3121 of the Internal Revenue Code (**26 USC 3121**)

- **Publications**

Publication 963: Federal-State Reference Guide (IRS)
www.irs.gov/pub/irs-pdf/p963.pdf
State and Local Coverage Handbook (SSA)
www.ssa.gov/slge/slch.htm
Handbook for State Social Security Administrators (NCSSSA)
www.ncssa.org/saguide.pdf

- **Fact Sheets**

Government Pension Offset (GPO) - [SSA Publication No. 05-10007](#)

Windfall Elimination Provision (WEP) - [SSA Publication No. 05-10045](#)

How State and Local Government Employees are covered by Social Security and Medicare - [SSA Publication No. 05-10051](#)

- **Miscellaneous**

IRS – [Federal State Local Government Electronic Newsletter](#)

SSA – [E-News](#)