



# NCSSSA-Today

*National Conference of State Social Security Administrators*

Winter 2002

## Message from the President

I hope this edition of the NCSSSA Newsletter finds everyone doing as well as can be expected given the tragic events of September 11. Due to that series of horrible events and the war against terrorism that has been fought since that time, many domestic issues in the country have been taking a back-seat, and rightly so. (See, for example, SSA's website at [www.seniors@ssa.gov](http://www.seniors@ssa.gov) regarding the December 11, 2001, announcement on the eve of a report from a Committee to Strengthen Social Security, that the White House conceded the effort to reform Social Security has been put off indefinitely.)

It is important, however, for NCSSSA to continue to pursue its mission (as summarized on the NCSSSA website):

*Providing a communication network for Federal, State, and local governments concerning Social Security coverage and Federal tax policy for governmental employees.*

Since its formation in 1952, the NCSSSA has worked closely with SSA and IRS to address social security and medicare coverage and employment tax issues raised by state and local government employers and state social security administrators throughout the United States. The NCSSSA works with federal officials to ensure legislative and regulatory changes address state and local concerns. The NCSSSA provides leadership to state and local governments through accurate interpretation of federal laws and regulations, communication of federal tax policy, and resolution of problems arising at the state and local levels.

Consequently, planning for the NCSSSA annual conference and preparation of policy initiatives for the conference membership to consider must continue.

### *NCSSSA Conference Sites and Dates*

Mark your calendars for the 52nd and 53rd NCSSSA

Conferences, respectively, in Rapid City, South Dakota, and Portland, Oregon. The 52nd Annual Conference will be held July 28 (Sunday) through noon, Wednesday, July 31, 2002, at the Rushmore Plaza Holiday Inn, where the room rate, excluding applicable taxes and fees, will be \$96 per night (for both single and double rooms). The 53rd Conference will be held at the Portland (Oregon) Marriott Downtown, August 10th (Sunday) through noon, Wednesday, August 13, 2003, where the room rate, excluding applicable taxes and fees, will be \$77 per night (for both single and double rooms).

### *Conference Topics*

Please notify Steve Delaney, NCSSSA First Vice-President, of suggested topics that should be addressed at the 2002 Conference in Rapid City. Suggestions should be sent to Steve by March 1, so we can discuss the suggestions with the IRS, the SSA, and the U.S. Treasury's General Counsel's Office when we visit Baltimore and Washington, D.C. during February for our annual leadership meetings with officials of those organizations.

### *Policy Initiatives*

The December 11, 2001, draft report of the President's Commission to Strengthen Social Security is now available on-line at [www.csss.gov/reports/](http://www.csss.gov/reports/) (this is a pdf file and requires Acrobat Reader).

Please let me know of any problems and concerns you have that should be discussed by the NCSSSA Executive Committee or that you would like us to pursue with the IRS, SSA, or U.S. Treasury's General Counsel. One topic that has already been suggested is developing suggested changes to the U.S. Internal Revenue Code that will permit the IRS to disclose information on its efforts with state and local government employers within each state with the State Social Security Administrator. If you would like to work on that initiative, or would like to suggest an-

*Continued on page 6*

---

## New SSA Commissioner

The new Commissioner of Social Security, Jo Anne B. Barnhart, was sworn into office on November 14, 2001. She is the 14th Commissioner of Social Security and her term will expire in 2007.

Barnhart served more than four years as a member of the Social Security Advisory Board. She is also a former Social Security employee. Now, with the agency in her charge, she is responsible for Social Security retirement, survivors and disability as well as the Supplemental Security Income (SSI) program.

---

## Pub. 963 (Federal-State Reference Guide) Revision

Mike Culkowski of the IRS has advised NCSSSA leadership that the draft of the third edition of Pub. 963 (Federal-State Reference Guide) has been sent to the IRS, Tax Exempt/Gov. Entities' Communications Office for final setup. As soon as that office completes the setup Mike will be forwarding the draft to Maryann Motza who will make sure the Government Affairs Committee (which is coordinating the editing process for NCSSSA) receives the draft so they can provide input before it is published. It should be available sometime in early 2002.

---

## New Address for Forms 941/945

State and local government entities nationwide have new addresses for filing Forms 941 and 945, effective immediately. Forms without payment will be sent to the IRS Service Center in Ogden, while forms with a payment will be sent to the Dallas Service Center.

- Form 941 and 945 without a payment:  
Ogden UT 84201-0005
- Form 941 and 945 with a payment:  
PO Box 660264, Dallas TX 75266-0264

For more information, visit the IRS web page at [www.irs.gov/bus\\_info/eo/filings.html](http://www.irs.gov/bus_info/eo/filings.html)

---

## New Website for State and Local Government Employers

The State and Local Government Employers website that was previewed at the 2001 NCSSSA Conference in San Diego, is now on-line at SSA. The direct address is [www.ssa.gov/slge/](http://www.ssa.gov/slge/).

The website provides information about Social Security and Medicare coverage under Section 218 agreements and the mandatory provisions, plus rehiring annuitants, police, and firefighters. There are also links to relevant laws and regulations, SSA and IRS publications, national organizations, state and regional specialists.

Check it out! It's great!

---

## ACT Activity

The Advisory Committee on Tax Exempt and Government Entities (ACT) met in Washington DC on November 14-15. This was a working session with emphasis on administrative matters for the Committee and organizational sessions for the project workgroups.

The ACT has approved five projects that impact on the customers of the Tax Exempt and Government Entities (TE/GE) Division.

- Voluntary Compliance Program: This project will examine the operation and history of existing TE/GE voluntary compliance programs and determine whether similar programs can and should be adopted in the Tax Exempt Bond, Exempt Organizations and Government Entities area.
- Education and Outreach Program: This project will make recommendations for education and outreach projects for the three components of TE/GE (Exempt Organizations (EO), Employee Plans (EP) and Government Entities (GE)). The project team will assess customer needs, review existing TE/GE products, review methods of distribution/delivery, recommend future projects and develop methods for measuring the project effectiveness.

*Continued on page 3*

---

## ACT Activity

*Continued from page 2*

- Tribal Consultation: This project will develop a consultation process for TE/GE to interact with Indian Tribal Governments.
- EO Lifecycle: This project will chart the lifecycle of a charitable organization from its incorporation to its dissolution. The project will designate points of intersection with TE/GE, identify better allocation of resources and create targeted initiatives that will promote compliance.
- EP Small Business: This project will identify ways to increase access to retirement plans for small business and develop a compliance support infrastructure for such plans.

Daryl Dunagan, ACT member from Kentucky representing governmental employers, will work on the Education and Outreach team as this project will have direct impact on the nation's governmental employers. The other governmental employer representative on the ACT, Don Waugh from North Carolina, will work on the Voluntary Compliance Team.

I volunteered to work on the Education and Outreach team as this project and the Voluntary Compliance project will have direct impact on the nation's governmental employers. The other GE representative on the ACT, Don Waugh from North Carolina, will work on the Voluntary Compliance Team.

The Educational and Outreach Team has established the following work line:

- ① Determine the existing education, information and outreach inventory at TE/GE.
- ② Determine the internal educational needs of the various components within TE/GE.
- ③ Determine the external educational needs of the TE/GE customer base.
- ④ Recommend new educational materials for TE/GE customers.
- ⑤ Develop a marketing strategy to disseminate TE/GE educational materials and products.

The workgroup met with various TE/GE representatives and is developing an inventory on existing TE/GE educational products. Additionally the team interviewed TE/GE staff to ascertain their educational resource wants and needs.

The workgroup needs to obtain the education needs from the various TE/GE client communities (EO, EP and GE). I would appreciate any feedback from NCSSSA members on how, from the governmental employer perspective, we could obtain these educational wants/needs, from whom we should seek this feedback and any ideas on developing our informational inventory. The data we obtain will be compiled, reviewed and used to develop a marketing strategy.

Your thoughts on governmental employer requirements as we develop this strategy would also be appreciated. For example, should such educational products be primarily web based? What methods of dissemination should we consider? Are there other innovative dissemination methods of which you are aware and how can we develop secondary avenues for information distribution? Have any states participated in any joint outreach projects with the IRS or SSA within the last year? Are you aware of any governmental employer informational publications, brochures or projects that the workgroup should include in its inventory? How can we make governmental employers aware of existing and/or newly developed information products?

This workgroup will have great impact on the future IRS development of educational products for our governmental employers. Please share your thoughts on any of the ideas mentioned or any other concepts you think the Education and Outreach workgroup should consider.

Daryl Dunagan  
Telephone: (502) 564-3952, Fax: (502) 564-2124  
E-mail: daryl.dunagan@mail.state.ky.us

---

## Updates

### ***Social Security Reform Likely Put On Hold***

December 11, 2001—On the eve of a report from a Committee to Strengthen Social Security, the White House conceded that the effort to reform Social Security has been put off indefinitely.

Review at [www.sunspot.net/templates/misc/printstory.jsp?slug=bal%2Dte%2Esocial11dec11](http://www.sunspot.net/templates/misc/printstory.jsp?slug=bal%2Dte%2Esocial11dec11)



---

## Surveys of Funding Sources

The State of Oregon as you know is conducting a survey of the states to determine funding mechanisms that are used to fund the State Social Security Administrator's Offices. State Delaney sent out the following e-mail to Conference members.

To Each State Social Security Administrator or Coordinator:

As indicated during this past summer's NCSSEA conference in San Diego, I would like to put together a report on how each of the various states fund their State Social Security Administration program.

In Oregon for instance, we have statutory backing to invoice employers on a biennial basis, charging a set amount per employee. A full discussion of how we do it in Oregon is in this issue of the NCSSEA newsletter. In future issues I will be focusing on states that have a different funding method than Oregon.

Please respond to the e-mail from Karen Park ([Karen.Park@state.or.us](mailto:Karen.Park@state.or.us)) with a little bit about how your plan is funded. Don't worry about great detail (though of course I'd love to read the detail if you want to share), I know everyone is busy, but a line or two as to where your funding comes from will help in developing a starting database. Using the responses received I will then craft a more detailed questionnaire on this topic to be sent out at a much later date.

Thank you — in advance,

Steve Delaney  
Vice-President, NCSSEA  
E-mail: [Steve.J.Delaney@state.or.us](mailto:Steve.J.Delaney@state.or.us)

*Thank you all for the tremendous response received to the e-mail message note quoted above, 34 states have responded thus far! Karen and I will now be developing a number of specialized questionnaires in follow-up and will be contacting states individually. My goal is to publish a summary report in the next issue of the NCSSEA-Today newsletter.*

---

## State Funding Sources

How are State Social Security Administrators to find funding for their program in a time of shrinking governmental budgets? As indicated during the conference last year in San Diego, I plan to report back to the conference through the pages of this newsletter the experiences of various states in tackling the budget issue. This first article focuses on my own state — Oregon, and the actions we took to ensure proper funding of our program. In later issues I will be telling the story of other states. If conference members find this information helpful, we could also arrange for a broader discussion of this issue at next summer's conference in South Dakota.

### *Oregon*

Until 1986, Oregon Public Employees Retirement System funded the Social Security program from interest earnings of FICA taxes being collected from Section 218 employers, which were briefly held in an interest bearing account prior to their transmittal to the IRS. The statutory basis for this is ORS 237.500.

*"The board may, under such rules as it promulgates, collect from each public agency its respective pro rata share of the expenses incurred in administering ORS 237.410 to 237.520. Each public agency included in the agreement pursuant to ORS 237.430 is required to pay its pro rata share of the expenses incurred by the board in administering ORS 237.410 to 237.520."*

After 1986, with the obligation of collecting FICA taxes falling to the IRS, the Social Security program no longer had a dedicated source of funding, but instead had its costs covered by the Oregon Public Employees Retirement Fund.

In early 1997, Oregon PERS staff began to realize that the time had come to charge Section 218 employers for the administrative services being provided by Oregon State PERS. By that time employers had become aware of possible IRS compliance reviews regarding FICA taxes, and the phones at PERS were starting to ring off the hook. It was determined that the PERS trust fund could not continue to be used to pay for the administrative costs of a separate program.

*Continued on page 5*

---

## State Funding Sources

*Continued from page 4*

Fortunately, ORS 237.500 had never been revoked nor removed from statute. So with that statutory basis for billing employers, Oregon State Social Security staff first met with our internal PERS accounting unit to determine what it cost the system to support the State Social Security Administrator function. A rough estimate of \$80,000 per biennium was determined. With approximately 160,000 public employees covered by Section 218 agreements, we determined that charging each employer 50 cents a head per biennium would cover program costs. In early 1998 a letter was sent to all Section 218 employers, explaining why there was a need to reinstate the charges approved by ORS 237.500, and informing them that an invoice would be coming shortly. Later an invoice was sent to each employer, asking them to voluntarily inform us of the number of employees on their payroll, and then to submit a payment. A further letter of explanation regarding the charge, and what services an employer could expect from Oregon's State Social Security Administrator was included with the invoice.

The results have been better than we could have hoped for. Many small employers did call to complain, but they also paid. Surprisingly our largest employers with the highest costs made no complaints at all. While the vast majority of the employers paid, we presently have about 29 out of 1000 employers still in arrears, from that invoice period. (A second invoice mailed in June 2001 for the following biennium has had even better response.)

A final note — with very little contact between Section 218 employers and the State Social Security Administrator from 1987 through 1997, our first mailing revealed how corrupted our database had become during those years due to ensuing name changes, mergers, annexations, etc. So the need for a whole new work project was revealed by the billing.

*Steve Delaney*  
*Vice-President, NCSSSA*

---

## Jerry Holmes Retires

Jerry Holmes, from the IRS Office of the Chief Counsel and a long-time friend of the NCSSSA retired from the service in January. He has worked closely with the NCSSSA since the early 1980s covering a wide array of employment tax and benefit issues.

The conference and its member states always received the highest quality service and professionalism from Jerry. He set exceptionally high standards and his actions reflected nothing short of a continuous, quality performance. Jerry's professionalism, partnership and expertise shall be missed.

Holmes joined the firm of McDermott, Will and Emery in Washington, DC upon his retirement. The NCSSSA wishes Jerry every success in his new endeavor.

---

## New Team Leader for the Coverage and Wages Team

Chris Silanskis informed the NCSSSA Executive Committee members in late September, that he has moved into the Advanced Leadership Program at SSA. Chris was an excellent and reliable person to work with, as was Phyllis France who had the same job prior to Chris's tenure.

We would like to congratulate Chris on being accepted into SSA's Advanced Leadership Program. Based on our experience working with him over the past few years, the promotion is certainly well deserved. His dedication to, and leadership on, state and local Social Security, Medicare, and FICA matters will be sorely missed.

He was replaced by Judy Sobus effective January 13, 2002. Judy was named the Acting Team Leader for the Coverage and Wages Team in the Division of Coverage and Support until May 12, 2001.

***Next Issue:***

***Washington State***

---





NCSSSA—Today  
 PO Box 110203  
 Juneau, AK 99811-0203

FIRST CLASS MAIL  
 US POSTAGE PAID

Juneau, Alaska  
 Permit No. 44

## Message from the President

*Continued from page 1*

other project or initiative the NCSSSA should consider pursuing this year, please let me know by March 1, 2002.

Thanks for everyone's continued work for, and dedication to, NCSSSA. Please do not hesitate to let me know of any other issues and concerns you have either as a member of NCSSSA or within your state that the Executive Committee should consider.

I hope everyone had a safe and happy holiday and that the New Year brings peace and joy.

Maryann Motza (CO)  
 NCSSSA President, 2001-2002

*National Conference of State Social Security Administrators* was published by Carol Ochsner—Internal Auditor, Alaska ([Carol\\_Ochsner@admin.state.ak.us](mailto:Carol_Ochsner@admin.state.ak.us)), Debbie Knutson—Editor.

[www.ncsssa.org](http://www.ncsssa.org)

## Inside this issue

ACT Activity .....	2
Jerry Holmes Retires .....	5
Message from the President .....	1
Message from the President .....	6
New Address for Forms 941/945 .....	2
New SSA Commissioner .....	2
New Team Leader for the Coverage and Wages Team .....	5
New Website for State and Local Government Employers .....	2
Pub. 963 (Federal-State Reference Guide) Revision .....	2
State Funding Sources .....	4
Surveys of Funding Sources .....	4
Updates .....	3