



SOCIAL SECURITY
Office of Retirement and Disability Policy

December 2, 2008

Mr. Thomas J. Sadowski
Director of Accounting
State of Missouri
570 Truman Building, 310 West High St.
Jefferson City, MO 65102

Dear Mr. Sadowski:

Thank you for your letter of November 21, 2008, regarding the Social Security Section 218 Agreement and Missouri public school employees. We are committed to working with you and your colleagues in Missouri to determine the number of affected positions, and to coordinate the resolution of legal, policy, and implementation issues. We share your interest in resolving these issues in a reasonable and equitable manner.

In your letter, you request that the Internal Revenue Service (IRS) and the Social Security Administration (SSA) suspend enforcement actions on issues relating to the Missouri Section 218 agreement and its interactions with the Public School Retirement System (PSRS) until July 2010. We concur with you that there are many issues that need to be addressed, and thank you for identifying some of these issues in your letter. In order to expedite the resolution of these issues and provide the guidance necessary for districts to comply with the section 218 agreement, we would like to immediately convene a working group, consisting of the Office of the State Administrator, SSA, IRS, and PSRS. After a period of approximately 60 days, IRS and SSA will revisit your request and reach final agreement on action to be taken, before the time when employees typically sign contracts with districts. At that time, we will also be in a better position to agree upon implementation issues and timeframes.

SSA Regional Commissioner Michael Grochowski has scheduled a meeting with you on December 3, 2008, to ensure we fully understand your concerns and issues and to begin to develop a comprehensive plan to resolve the issues, and to discuss the formation of the working group. Subsequently, we will also engage PSRS officials in this process to resolve questions related to the interaction of the Social Security coverage with coverage for benefits under PSRS. Mr. Grochowski will ensure close coordination between the SSA regional office and SSA and IRS headquarters as we work together. Mr. Grochowski may be reached at (816) 936-5700.

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David Rust
Deputy Commissioner
for Retirement and Disability Policy

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Steven T. Miller
Commissioner
Tax Exempt and Government Entities