

Eric R. Greitens
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Stacy Neal
Director

February 15, 2017

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Subject: Annual Report of the Old Age, Survivors,
Disability and Health Insurance Program

This report presents the status of the Old Age, Survivors, Disability and Health Insurance Program at December 31, 2016, as required by Section 105.440 RSMo. Information concerning both the State of Missouri and its participating political subdivisions is presented.

This report is being furnished in accordance with Section 181.100 (4) RSMo.

Sincerely,

A handwritten signature in cursive script that reads "Stacy Neal".

Stacy Neal
State Social Security Administrator

Enclosure

ANNUAL REPORT

of the

Old Age, Survivors, Disability and Health Insurance Program

For Calendar Year Ending December 31, 2016

**Office of Administration
Division of Accounting
Stacy Neal, Director
February 2, 2017**

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February 15, 2017

To the Members of the General Assembly
State of Missouri

This report presents the status of the Old Age, Survivors, Disability, and Health Insurance Program at December 31, 2016, as required by Section 105.440, RSMo. Information concerning both the State of Missouri and its participating political subdivisions is presented.

We will be glad to provide additional information upon request.

Sincerely,

A handwritten signature in cursive script that reads "Stacy Neal".

Stacy Neal
State Social Security Administrator

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Introduction

Federal-State Agreement

Prior to 1951, state and local governmental employees could not be covered by the Old Age, Survivors, Disability and Health Insurance of the Federal Social Security Administration (SSA). Passage of the 1950 Amendments to Section 218 of the Social Security Act allowed certain groups of state and local governmental employees' social security coverage on a contractual basis. The Social Security Amendments of 1954 provided more extensive coverage by permitting coverage of employees in positions under an existing state or local government retirement system effective January 1, 1955, through referendum procedures.

Coverage of state and local governmental employees differs from private industry and the self-employed in that participation in the social security program is extended pursuant to a voluntary contractual agreement entered into between individual states and the Commissioner of Social Security Administration (formerly Secretary of Health and Human Services). Missouri's participation in the Old Age, Survivors, Disability and Health Insurance Program (OASDHI) was authorized by the 66th General Assembly with the passage of Senate Bill 3 (Section 105.300 through 105.440, Missouri Revised Statutes).

At one time, employees of political subdivisions could obtain social security coverage only under the terms of the State's Agreement. With the passage of Public Law 101-508 (The Omnibus Reconciliation Act (OBRA) of 1990), employees of a state or political subdivision, including instrumentalities, who are not members of their employer's retirement system and whose services were not already covered under the State's Agreement became covered under mandate by Social Security on July 2, 1991.

State Administrator for Social Security

SSA regulation 20 C.F.R. §404.1204 requires each State to designate at least one State official to act for the State in administering that State's Section 218 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 and the proper application of Social Security and Medicare. Section 105.300 (11), RSMo 1986 designates the Office of Administration, Division of Accounting, as the "State Agency" for the Social Security Administration. The Division of Accounting has been delegated the administrative responsibility which includes all aspects of Section 218 coverage, including interpreting its provisions, and insuring proper application of Social Security coverage to all State and political subdivision employees. The basic responsibilities of the State Administrator are to:

1. Administer Section 218 coverage including a thorough understanding and application of regulations and laws on both the federal and state level in order to make determinations on coverage issues.
2. Notify SSA about any State Administrator changes.
3. Communicate with SSA, IRS, employers, and stakeholders.
4. Conduct referenda for coverage of retirement system groups.
5. Maintain Section 218 related records including the State's original agreement, modifications to that agreement, dissolutions, intrastate agreements, and all associated correspondence.
6. Perform education and outreach to political subdivision employers and their employees.

Coverage

The original Missouri social security coverage agreement with the Commissioner of Social Security Administration (formerly Secretary of Health and Human Services) provided absolute coverage.

An absolute coverage group for coverage purposes is a permanent grouping of employees whose positions are not under a state or local retirement system when coverage is initially established. This included elective and appointive officers and employees of the state, members of the General Assembly, elective and appointive officers and employees of any covered instrumentality of either the state or such political subdivisions, and employees of a group of two or more covered political subdivisions of the state organized to perform common functions or services. Since 1951, the original Federal-State Agreement has been modified to exclude the following classes of employees:

1. As employees of the state, motor vehicle license agents, appointed by the Director, Department of Revenue, who are compensated solely on a fee basis - effective 1/1/69.
2. Election officials or election workers earning less than \$1,700.00 annually – amount effective 01/01/2016.
3. Student employment at a public school, college or university while enrolled and regularly attending classes - effective 4/1/74.
4. Services compensated solely on a fee basis in positions of Township Collector, Township Ex-officio Assessor, County Public Administrator, and County Surveyor - effective 1/1/78.

In addition to modification exclusions mentioned above, the Social Security Act provides for the automatic exclusion of the following public services from coverage:

1. Services of employees who were hired to relieve them from unemployment.
2. Services performed in a hospital, home or other institution by a patient or inmate.
3. Covered transportation service (as determined under Section 210(k) of the Social Security Act, as amended).
4. Services performed by an individual as an employee serving on a temporary basis in connection with an unforeseen disaster, e.g., fire, storm, snow, earthquake, flood, or other similar emergency.
5. Services performed by an individual who is a member of a FICA equivalent retirement system, as determined by the Secretary of the Treasury.
6. Others. In addition, present federal law excludes the following from social security coverage:
 - a. Federal Retirement System - State or local governmental employees in positions subject to the Federal Civil Service Retirement Act prior to January 1, 1984.
 - b. Clergymen and Religious Orders - The wages of employees of the state or of local governments who are members of a religious order are excluded where a member of an order will perform services pursuant to a contractual arrangement between the order and a third party.
 - c. Foreign National - Services performed by a nonresident alien temporarily in the United States as a nonimmigrant under subparagraph "F", "J", "M", or "Q" of Section 101(a)(15)

of the Immigration and Nationality Act if the services are performed to carry out the purpose for which the non-resident alien was admitted to the United States.

Rate and Wage Base Table

Year	Combined Contribution Rate Percentage	Wage Base	Maximum Employer and Employee Contributions
1951-1953	3.00	\$ 3,600	\$ 108.00
1954	4.00	\$ 3,600	\$ 144.00
1955-1956	4.00	\$ 4,200	\$ 168.00
1957-1958	4.50	\$ 4,200	\$ 189.00
1959	5.00	\$ 4,800	\$ 240.00
1960-1961	6.00	\$ 4,800	\$ 288.00
1962	6.25	\$ 4,800	\$ 300.00
1963-1965	7.25	\$ 4,900	\$ 348.00
1966	8.40	\$ 6,600	\$ 554.40
1967	8.80	\$ 6,600	\$ 580.00
1968	8.80	\$ 7,800	\$ 686.40
1969-1970	9.60	\$ 7,800	\$ 748.80
1971	10.40	\$ 7,800	\$ 811.20
1972	10.40	\$ 9,000	\$ 936.00
1973	11.70	\$ 10,800	\$ 1,236.60
1974	11.70	\$ 13,200	\$ 1,544.40
1975	11.70	\$ 14,100	\$ 1,649.70
1976	11.70	\$ 15,300	\$ 1,790.10
1977	11.70	\$ 16,500	\$ 1,930.50
1978	12.10	\$ 17,700	\$ 2,141.70
1979	12.26	\$ 22,900	\$ 2,807.54
1980	12.26	\$ 25,900	\$ 3,175.34
1981	13.30	\$ 29,700	\$ 3,950.10
1982	13.40	\$ 32,400	\$ 4,341.60
1983	13.40	\$ 35,700	\$ 4,783.80
1984	14.00	\$ 37,800	\$ 5,292.00
1985	14.10	\$ 39,600	\$ 5,583.60
1986	14.30	\$ 43,800	\$ 6,006.00
1987	14.30	\$ 43,800	\$ 6,263.40
1988	15.02	\$ 45,000	\$ 6,759.00
1989	15.02	\$ 48,000	\$ 7,209.60
1990	15.30	\$ 51,300	\$ 7,848.90
1991 (Social Security)	12.40	\$ 53,400	\$ 6,621.60
1991 (Medicare)	2.90	\$ 125,000	\$ 3,625.00
1992 (Social Security)	12.40	\$ 55,500	\$ 6,882.00
1992 (Medicare)	2.90	\$ 130,200	\$ 3,775.80
1993 (Social Security)	12.40	\$ 57,600	\$ 7,142.40
1993 (Medicare)	2.90	\$ 135,000	\$ 3,915.00
1994 (Social Security)	12.40	\$ 60,600	\$ 7,514.40
1994 (Medicare)	2.90	All Wages	
1995 (Social Security)	12.40	\$ 61,200	\$ 7,588.80
1995 (Medicare)	2.90	All Wages	
1996 (Social Security)	12.40	\$ 62,700	\$ 7,774.80
1996 (Medicare)	2.90	All Wages	
1997 (Social Security)	12.40	\$ 65,400	\$ 8,109.60
1997 (Medicare)	2.90	All Wages	
1998 (Social Security)	12.40	\$ 68,400	\$ 8,481.60
1998 (Medicare)	2.90	All Wages	

Rate and Wage Base Table continued on next page . . .

Rate and Wage Base Table, continued...

Year	Combined Contribution Rate Percentage	Wage Base	Maximum Employer and Employee Contributions
1999 (Social Security)	12.40	\$ 72,600	\$ 9,002.40
1999 (Medicare)	2.90	All Wages	
2000 (Social Security)	12.40	\$ 76,200	\$ 9,448.80
2000 (Medicare)	2.90	All Wages	
2001 (Social Security)	12.40	\$ 80,400	\$ 9,969.60
2001 (Medicare)	2.90	All Wages	
2002 (Social Security)	12.40	\$ 84,900	\$ 10,527.60
2002 (Medicare)	2.90	All Wages	
2003 (Social Security)	12.40	\$ 87,000	\$ 10,788.00
2003 (Medicare)	2.90	All Wages	
2004 (Social Security)	12.40	\$ 87,900	\$ 10,899.60
2004 (Medicare)	2.90	All Wages	
2005 (Social Security)	12.40	\$ 90,000	\$ 11,160.00
2005 (Medicare)	2.90	All Wages	
2006 (Social Security)	12.40	\$ 94,200	\$ 11,680.80
2006 (Medicare)	2.90	All Wages	
2007 (Social Security)	12.40	\$ 97,500	\$ 12,090.00
2007 (Medicare)	2.90	All Wages	
2008 (Social Security)	12.40	\$ 102,000	\$ 12,648.00
2008 (Medicare)	2.90	All Wages	
2009-2010 (Social Security)	12.40	\$ 106,800	\$ 13,243.20
2009-2010 (Medicare)	2.90	All Wages	
2011 (Social Security)	10.40	\$ 106,800	\$ 11,107.20
2011 (Medicare)	2.90	All Wages	
2012 (Social Security)	10.40	\$ 110,100	\$ 11,450.40
2012 (Medicare)	2.90	All Wages	
2013 (Social Security)	12.40	\$ 113,700	\$ 14,098.80
2013 (Medicare)*	2.90	All Wages	
2014 (Social Security)	12.40	\$ 117,000	\$ 14,508.00
2014 (Medicare)*	2.90	All Wages	
2015-2016 (Social Security)	12.40	\$ 118,500	\$ 14,694.00
2015-2016 (Medicare)*	2.90	All Wages	

*As of January 2013, individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9 percent in *Medicare* taxes. The rates above do not include the 0.9 percent.

Employer and Employee Contribution Rates				
Calendar Year	Employer Social Security	Employee Social Security	Employer Medicare	Employee Medicare
1951-1953	1.5%	1.5%	--	--
1954-1956	2.0%	2.0%	--	--
1957-1958	2.25%	2.25%	--	--
1959	2.5%	2.5%	--	--
1960-1961	3.0%	3.0%	--	--
1962	3.125%	3.125%	--	--

Employer and Employee Contribution Rates Table continued on next page...

Employer and Employee Contribution Rates, continued...				
Calendar Year	Employer Social Security	Employee Social Security	Employer Medicare	Employee Medicare
1963-1965	3.625%	3.625%	--	--
1966	3.85%	3.85%	0.35%	0.35%
1967	3.9%	3.9%	0.5%	0.5%
1968	3.8%	3.8%	0.6%	0.6%
1969-1970	4.2%	4.2%	0.6%	0.6%
1971-1972	4.6%	4.6%	0.6%	0.6%
1973	4.85%	4.85%	1.0%	1.0%
1974-1977	4.95%	4.95%	0.9%	0.9%
1978	5.05%	5.05%	1.0%	1.0%
1979-1980	5.08%	5.08%	1.05%	1.05%
1981	5.35%	5.35%	1.3%	1.3%
1982-1983	5.4%	5.4%	1.3%	1.3%
1984	5.7%	5.4%	1.3%	1.3%
1985	5.7%	5.7%	1.35%	1.35%
1986-1987	5.7%	5.7%	1.45%	1.45%
1988-1989	6.06%	6.06%	1.45%	1.45%
1990-2010	6.2%	6.2%	1.45%	1.45%
2011-2012	6.2%	4.2%	1.45%	1.45%
2013-2016 *	6.2%	6.2%	1.45%	1.45%

* Beginning in 2013, an additional Medicare tax of 0.9% is assessed on earned income exceeding \$200,000 for individuals and \$250,000 for married couples filing jointly. This additional tax rate is not reflected in the tax rates shown in the table above.

Cash Balance Statement OASDHI Trustee Fund Account

January 1, 2016 to December 31, 2016
(Established Under Section 105.390, RSMo 1986)

Balance – January 1, 2016	\$3,659.75
Receipts:	
Contributions	\$ 296,568,087.14
Sub-Total	\$ 296,571,746.89
Disbursements:	
To Internal Revenue Service	\$ 296,541,422.71
Refunds to Employers & Employees	\$ 26,598.56
Total Disbursements	\$ 296,568,021.27
Balance – December 31, 2016	\$ 3,725.62

Summary of State Coverage Agreements

Number of Entities	Class of Instrumentality
114	Counties
156	Townships
532	Cities
517	School Districts
123	Road Districts
114	Extension Councils
122	Water & Sewer Districts (Utilities)
13	Levee/Drainage/Watershed Districts
97	Housing Authorities
53	Libraries
64	Ambulance Districts
47	Fire Protection Districts
2	911/Emergency Service Communication Districts
15	Hospitals
71	Soil & Water Districts
27	Nursing Homes
14	Regional Planning Commissions
21	Community Colleges/Universities
48	County Health Centers
9	Public Retirement Systems
28	Miscellaneous
53	Inactive but not Dissolved
<u>2,240</u>	

There are an additional 156 Entities with agreements pending acceptance with the federal Social Security Administration, or who have agreed not to have Section 218 coverage at this time. There are an additional 3,040 known entities which may either seek Section 218 coverage or have completed dissolution/termination of their Section 218 coverage agreements.