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APPROPRIATION LANGUAGE

For payment to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as provided under sections 201(m) and 1131(b)(2) of the Social Security Act, \$15,000,000.

Note.—This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (division A of Public Law 119-4).

Payments to the Social Security Trust Funds

GENERAL STATEMENT

The Payments to the Social Security Trust Funds (PTF) account provides Federal fund payments to the Social Security trust funds for several distinct activities. The purpose of each requested payment is to put the trust funds in the same financial position they would have been in had they not borne the cost of certain benefits or administrative expenses chargeable to general revenues. This account includes payments requiring an annual appropriation and payments made to the trust funds under permanent indefinite authority.

ANNUAL APPROPRIATION

The annual PTF appropriation provides reimbursement to the Social Security trust funds for non--trust fund activities. These activities include pension reform and interest on unnegotiated checks. Listed below is the estimated annual appropriation and resulting obligations for FY 2026.

The FY 2026 annual appropriation request, at \$15 million, is the same as the FY 2025 level.

Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue. Under the "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989, is credited directly to the trust funds from Treasury's general fund when the checks are canceled. These funds do not pass through the Payments to Social Security Trust Funds account, but the interest adjustments do pass through this account.

Section 1131 of the Social Security Act requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors). It permits the administrative expenses of carrying out this pension reform work to be funded initially from the Old-Age and Survivors Insurance (OASI) Trust Fund through SSA's Limitation on Administrative Expenses and authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund.

The obligations reported below also include Coal Industry Retiree Health Benefits Act (CIRHBA) activity, funded from unobligated balances carried forward from prior years. These funds, provided in FYs 1996 and 1997, remain available until expended. Please refer to Table 1.3 for a breakout of CIRHBA obligations.

Table 1.1—Annual Appropriation and Obligations
(In thousands)

	FY 2024 Actual	FY 2025 Enacted	FY 2026 Estimate	<i>FY 2025 to FY 2026 Change</i>
Appropriation	\$10,000	\$15,000	\$15,000	\$0
Obligations¹	\$8,375	\$15,050	\$15,050	\$0

PERMANENT INDEFINITE AUTHORITY

Amounts not subject to the annual appropriation include: (1) receipts from Federal income taxation of Social Security benefits; (2) Federal Insurance Contribution Act (FICA) and Self-Employment Contribution Act (SECA) tax credits; (3) reimbursement for Federal employee union administrative expenses; and (4) reimbursement for the loss in FICA tax revenue resulting from the payroll tax holiday provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and extended by the Temporary Payroll Tax Cut Continuation Act of 2011. The permanent appropriation provides that the trust funds be credited for each of these revenue items.

Taxation of Social Security Benefits

The Social Security Amendments of 1983 provide for taxation of up to one-half of Social Security benefits in excess of certain income thresholds. The Omnibus Reconciliation Act of 1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to taxation. The additional amounts collected from this 1993 provision are paid to the Hospital Insurance (HI) Trust Fund; no additional income is due to the Social Security trust funds resulting from the enactment of the 1993 law.

Section 733 of the Uruguay Round Agreements Act, P.L. 103-465, also increased the taxable portion of nonresident aliens' Social Security benefits from 50 percent to 85 percent. The Offices of the General Counsel at SSA and at the Centers for Medicare and Medicaid Services, Department of Health and Human Services, agreed that the additional income resulting from the law should go to the Old-Age, Survivors, and Disability Insurance (OASDI) trust funds as opposed to the HI Trust Fund. The taxes are collected as Federal income taxes; subsequently, an equivalent payment to the Social Security trust funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities arising from Social Security benefits of U.S. citizens are made quarterly and then adjusted as actual receipts are known. The estimated income from these taxes is \$59,413 million in FY 2025 and \$72,397 million in FY 2026 from U.S. citizens; the taxes imposed on aliens are withheld from benefit payments and will generate estimated income of \$364 million in FY 2025 and \$386 million in FY 2026. The estimates for taxation of benefits reflect corresponding growth related to benefit levels and the beneficiary population.

¹ The obligations include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds, provided in FYs 1996 and 1997, remain available until expended to reimburse the trust funds.

Payments to the Social Security Trust Funds

FICA and SECA Tax Credits

The Social Security Amendments of 1983 also provided for the granting of FICA and SECA tax credits to individuals. The tax credits are granted at the time the individual is taxed and are funded by the general funds of the Treasury through reimbursement to the trust funds. The FICA tax credit applies only to wages earned in calendar year 1984. The SECA tax credit applies from calendar year 1984 through calendar year 1989. There are small periodic adjustments made due to tax credits being applied retroactively.

Reimbursement for Employee Union Expenses

In addition to taxation of benefits and tax credits, the PTF account includes reimbursement to the trust funds from general funds, including interest, for certain administrative expenses incurred in support of Federal employee union activities.

Reimbursement for Payroll Tax Holiday

P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011, amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. On February 22, 2012, the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended the reduced rate through December 31, 2012. The general funds reimburse the trust funds for this loss in tax revenue. While the law has expired, we expect that small periodic adjustments for prior years will continue to occur in future years.

BUDGETARY RESOURCES

The FY 2026 annual appropriation request for PTF is \$15,000,000. We expect to make \$72,808,050,000 in payments to the trust funds in FY 2026, including amounts appropriated under permanent indefinite authority.

Table 1.2 —Amounts Available for Obligation
(In thousands)

	FY 2024 Actual	FY 2025 Enacted	FY 2026 Estimate
Annual Appropriation	\$10,000	\$15,000	\$15,000
Permanent Appropriation	\$53,759,576	\$59,787,000	\$72,793,000
Total Appropriation	\$53,769,576	\$59,802,000	\$72,808,000
Unobligated Balance, Start-of-Year	\$12,822	\$12,693	\$12,643
Subtotal Budgetary Resources	\$53,782,398	\$59,814,693	\$72,820,643
Obligations	\$53,767,951	\$59,802,050	\$72,808,050
Unobligated Balance, End-of-Year	\$12,693	\$12,643	\$12,593
Unobligated Balance, Lapsing	\$1,754	\$0	\$0

The “Start-of-Year” and “End-of-Year” unobligated balances represent funds appropriated for the CIRHBA in FYs 1996 and 1997 and made available until expended. The lapsed unobligated balance represents the amount of the annual appropriation not obligated in the current year.

Payments to the Social Security Trust Funds

BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

The table below displays the budget authority and obligations for each of the PTF activities funded by the annual appropriation. Prior year unobligated balances fund CIRHBA obligations.

Table 1.3—New Budget Authority & Obligations, Annual Authority¹
(In thousands)

	FY 2024 Actual	FY 2025 Enacted	FY 2026 Estimate
<u>Appropriation</u>			
Pension Reform	\$3,300	\$6,000	\$6,000
Unnegotiated Checks	\$6,700	\$9,000	\$9,000
Coal Industry Retiree Health Benefits	\$0	\$0	\$0
Total Annual Appropriation	\$10,000	\$15,000	\$15,000
<u>Obligations</u>			
Pension Reform	\$1,645	\$6,000	\$6,000
Unnegotiated Checks	\$6,601	\$9,000	\$9,000
Coal Industry Retiree Health Benefits	\$129	\$50	\$50
Total Obligations	\$8,375	\$15,050	\$15,050

¹ Totals may not add due to rounding.

BACKGROUND

AUTHORIZING LEGISLATION

The Social Security Act sections described below authorize the PTF account.

Table 1.4—Authorizing Legislation
(In thousands)

	Amount Authorized	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate
Pension Reform: S.S. Act, Section 1131(b)(2)	Indefinite	\$3,300	\$6,000	\$6,000
Unnegotiated Checks: S.S. Act, Section 201(m); Social Security Amendments of 1983, Section 152	Indefinite	\$6,700	\$9,000	\$9,000
Coal Industry Retiree Health Benefits: Internal Revenue Code of 1986, Sections 9704 and 9706; Energy Policy Act of 1992, Section 19141 ¹	Indefinite	\$0	\$0	\$0
Subtotal Annual PTF Appropriation		\$10,000	\$15,000	\$15,000
Reimbursement for Union Administrative Expenses: FY 2002 Social Security Appropriations Act	Permanent Indefinite	\$10,043	\$10,000	\$10,000
Employee Payroll Tax Holiday: P.L. 111-312, Section 601, As Amended By Temporary Payroll Tax Cut Continuation Act: P.L. 112-78	Permanent Indefinite	\$34	\$0	\$0
Taxation of Benefits, U.S.: Social Security Amendments of 1983, Section 121	Permanent Indefinite	\$53,446,996	\$59,413,000	\$72,397,000
Taxation of Benefits, Nonresident Aliens: Social Security Amendments of 1983, Section 121	Permanent Indefinite	\$302,500	\$364,000	\$386,000
FICA/SECA Tax Credits: Social Security Amendments of 1983, Section 124(b)	Permanent Indefinite	\$3	\$0	\$0
Subtotal Permanent PTF Appropriation		\$53,759,576	\$59,787,000	\$72,793,000
Total Appropriation		\$53,769,576	\$59,802,000	\$72,808,000

¹ We do not request additional funds because the balance of the \$10,000,000 per year appropriated in FYs 1996 and 1997 remains available until expended to reimburse the trust funds.

Payments to the Social Security Trust Funds

APPROPRIATION HISTORY

The table below displays our annual appropriation request, amounts approved by the House and Senate, and the amount Congress ultimately appropriated. This does not include amounts appropriated under permanent authority.

Table 1.5—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2016	\$20,400,000	\$20,400,000 ¹	\$20,400,000 ²	\$11,400,000 ³
2017	\$11,400,000	\$11,400,000 ⁴	\$11,400,000 ⁵	\$11,400,000 ⁶
2018	\$11,400,000	\$11,400,000 ⁷	\$11,400,000 ⁸	\$11,400,000 ⁹
2019	\$11,000,000	\$11,000,000 ¹⁰	\$11,000,000 ¹¹	\$11,000,000 ¹²
2020	\$11,000,000	\$11,000,000 ¹³	- - - ¹⁴	\$11,000,000 ¹⁵
2021	\$11,000,000	\$11,000,000 ¹⁶	- - - ¹⁷	\$11,000,000 ¹⁸
2022	\$11,000,000	\$11,000,000 ¹⁹	- - - ²⁰	\$11,000,000 ²¹
2023	\$11,000,000	\$11,000,000 ²²	- - - ²³	\$11,000,000 ²⁴
2024	\$10,000,000	\$10,000,000 ²⁵	\$10,000,000 ²⁶	\$10,000,000 ²⁷
2025	\$15,000,000	\$15,000,000 ²⁸	\$15,000,000 ²⁹	\$15,000,000 ³⁰
2026	\$15,000,000			

¹ H.R. 3020.

² S. 1695.

³ Consolidated Appropriations Act, 2016 (P.L. 114-113).

⁴ H.R. 5926.

⁵ S. 3040.

⁶ Consolidated Appropriations Act, 2017 (P.L. 115-31).

⁷ H.R. 3358.

⁸ S. 1771.

⁹ Consolidated Appropriations Act, 2018 (P.L. 115-141).

¹⁰ H.R. 6470.

¹¹ S. 3158.

¹² Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245).

¹³ H.R. 2740.

¹⁴ The Senate Committee on Appropriations did not report a bill.

¹⁵ Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2020 in the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

¹⁶ H.R. 7614.

¹⁷ The Senate Committee on Appropriations did not report a bill.

¹⁸ Consolidated Appropriations Act, 2021 (P.L. 116-260).

¹⁹ H.R. 4502

²⁰ The Senate Committee on Appropriations did not report a bill

²¹ Consolidated Appropriations Act, 2022 (P.L. 117-103).

²² H.R. 8295

²³ The Senate Committee on Appropriations did not report a bill.

²⁴ Consolidated Appropriations Act, 2023 (P.L. 117-328)

²⁵ H.R. 5894. The House bill was passed at the subcommittee level and did not go to the full committee.

²⁶ S. 2624.

²⁷ Further Consolidated Appropriations Act, 2024 (P.L. 118-47)

²⁸ H.R. 9029.

²⁹ S. 4942.

³⁰ Full-Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4).

Payments to the Social Security Trust Funds

PENSION REFORM

Authorizing Legislation: Section 1131(b)(2) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI Trust Fund for the cost of certain pension reform activities chargeable to Federal funds.

Table 1.6—Pension Reform: Budget Authority

	FY 2024 Actual	FY 2025 Enacted	FY 2026 Estimate	<i>FY 2025 to FY 2026 Change</i>
Budget Authority	\$3,300,000	\$6,000,000	\$6,000,000	\$0

The Employee Retirement Income Security Act of 1974, P.L. 93-406 (Pension Reform Act, also known as ERISA) established section 1131 of the Social Security Act. This requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors), either upon request or automatically upon application for retirement, survivors, or disability insurance benefits.

Each time an employee leaves employment that earned him or her vested rights to a pension, we receive related information from the Internal Revenue Service (IRS) in either paper or electronic format. We control, scan (using optical character recognition), and, if necessary, key the paper forms and transfer the data to the ERISA mainframe system. We add these data, along with electronic data received from the IRS to the ERISA Master Files after the name is verified against the NUMIDENT (SSN record) database. Each month, we compare an activity file of new benefit applications to the ERISA Master Files. We send an ERISA notice of pension plan eligibility to individuals included in both the activity file and the ERISA Master Files. This notice includes the information the worker needs to contact the pension plan administrator. We also resolve exceptions and respond to inquiries from employers and the public.

Section 1131(b)(1) permits the administrative expenses of carrying out this pension reform work to be funded initially from the OASI Trust Fund through our LAE account. Section 1131(b)(2) authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund. We began to incur pension reform administrative expenses in FY 1977.

UNNEGOTIATED CHECKS

Authorizing Legislation: Section 201(m) of the Social Security Act and Section 152 of P.L. 98-21.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI and DI Trust Funds for the value of interest on benefit checks cashed after 6 months or subsequently canceled.

Table 1.7—Unnegotiated Checks: Budget Authority

	FY 2024 Actual	FY 2025 Enacted	FY 2026 Estimate	<i>FY 2025 to FY 2026 Change</i>
Budget Authority	\$6,700,000	\$9,000,000	\$9,000,000	+\$0

This activity was originally established to reimburse the trust funds for uncashed benefit checks and accrued interest. Beginning October 1, 1989, Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue under the provisions of the Competitive Equality Banking Act (CEBA) of 1987 (P.L. 100-86). In the 14th month after issue, the Department of the Treasury prepares a listing of checks outstanding from each agency, cancels those checks, and refunds the value of checks canceled to the authorizing agencies. Under this "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989, are credited directly to the trust funds from Treasury's general fund when the checks are canceled, pursuant to P.L. 100-86. These funds do not pass through the PTF account. However, the interest adjustment must be paid through this account because CEBA made no provision for it.

This appropriation funds the estimated ongoing level of activity and represents the value of interest for unnegotiated OASDI benefit checks.

Payments to the Social Security Trust Funds

Table 1.8—Unnegotiated Checks: Obligations

Fiscal Year	Obligations
FY 2016	\$2,091,901
FY 2017	\$2,028,629
FY 2018	\$2,402,793
FY 2019	\$2,941,121
FY 2020	\$2,575,849
FY 2021	\$1,523,486
FY 2022	\$1,894,718
FY 2023	\$3,810,668
FY 2024	\$6,600,950
FY 2025 Estimate	\$9,000,000
FY 2026 Estimate	\$9,000,000

RATIONALE FOR BUDGET REQUEST

The FY 2026 request is for \$9,000,000 to reimburse the OASDI trust funds for the value of interest on unnegotiated checks. The FY 2026 request is equal to the FY 2025 level.

Table 1.9—Unnegotiated Checks: Budget Authority by Trust Fund

	FY 2026 Estimate
OASI Trust Fund	\$6,000,000
DI Trust Fund	\$3,000,000
Total	\$9,000,000