

**Explanation of Changes Reflected in the Chairman's
Amendment in the Nature of a Substitute to
H.R. 711, the *Equal Treatment of Public Servants Act of 2015***

July 13, 2016

The Chairman's amendment in the nature of a substitute includes the following changes to H.R. 711 as introduced (page and lines references are to H.R. 711 as introduced):

1. Page 1, Line 5: Strike "2015" and insert "2016"
2. Page 2, Lines 11-14: Strike text and insert "who first becomes eligible for an old-age or disability insurance benefit after 2017,"
3. Page 4, Line 22: Strike "by regulation" and insert "by regulation or other public guidance"
4. Page 5, Lines 8-9: Strike "any documentary evidence" and insert "any documentary or other evidence"
5. Page 5, Lines 14-21: Strike "except that such evidence provided by the individual shall be taken into account only to the extent that such evidence does not relate to earnings for service with respect to which information regarding earnings has already been obtained by the Commissioner from the employer and only to the extent that such evidence does not result in a reduction in the individual's primary insurance amount as calculated under subparagraph (B)."
6. Page 6, Line 3: Add after subsection (D) the following:

(E) In the case of any individual whose primary insurance amount would be computed under this paragraph who first becomes entitled after 1985 to a monthly periodic payment made by a foreign employer or foreign country that is based in whole or in part upon noncovered service, the primary insurance amount of such individual shall be computed or recomputed under paragraph (7) or paragraph (1), as applicable, for months beginning with the first month of the individual's initial entitlement to such monthly periodic payment.
7. Page 6, Lines 3-5: Strike "MODIFICATION OF WINDFALL ELIMINATION PROVISION FOR CURRENT BENEFICIARIES; RECOVERY OF CERTAIN OVERPAYMENTS." and insert "ANNUAL LUMP SUM PAYMENTS FOR CURRENT BENEFICIARIES."
8. Page 6, Lines 8-25: Strike text and insert:

“(F)(i) In the month of December of each calendar year beginning with 2018, the Commissioner of Social Security shall make a lump sum payment under this title to each eligible individual entitled to a benefit under this title in an amount equal to—

- “(I) the number of such eligible individual’s lump sum base months in the applicable base month calculation year; multiplied by
- “(II) the applicable percentage for such calendar year (determined under clause (iv)); multiplied by
- “(III) the amount by which the primary insurance amount computed or recomputed under subparagraph (B)), as applicable in November in the 19 base month calculation year, is exceeded by the primary insurance amount that would be determined without regard to this paragraph, for November in the base month calculation year.
- “(ii) For eligible individuals who are entitled to a monthly insurance benefit under subsections (b), (c), (d), (e), (g), or (h) of section 202, based on a primary insurance amount computed or recomputed under subparagraph (B) before January 2018, such lump sum payment as described in clause (i) shall be reduced by one half.
- “(iii) For purposes of this subparagraph, the term ‘lump sum base month’ means a month in which such eligible individual received a monthly insurance benefit during the applicable ‘base month calculation year’.
- “(I) A lump sum base month shall not be credited for any month in which an eligible individual was not due a monthly insurance benefit due to subsection 202(x) or subparagraph 223(e)(1).
- “(II) A lump sum base month shall be credited for any month in which an eligible individual was entitled but did not receive a monthly insurance benefit due to a reduction described in subsections (a) or (b) of section 203, section 224(a), or 202(k)(5).
- “(iv) For purposes of this subparagraph, the term ‘base month calculation year’ means the months of December through November that immediately precede to the month in which the Commissioner of Social Security makes such lump sum payment.
- “(v) For purposes of this subparagraph, the term ‘eligible individual’ means an individual who is entitled to a benefit under this title based on a primary insurance amount that was computed or recomputed under subparagraph (B) before January 2018.”

9. Page 7, Lines 1-9: Strike text and insert:

“(vi)(I) The applicable percentage determined under this clause for a calendar year shall be the percentage (but not more than 50 percent), determined by the Commissioner for such calendar year, sufficient to achieve outlay neutrality for the applicable period described in subclause (II) between the total amount of payments made under clause (i) during such applicable period and the total amount of net savings generated during such applicable period as a result of the amendment made by section 2(a) of the Equal Treatment of Public Servants Act of 2016.”

“(II) For purposes of subclause (I), the applicable period is—

“(aa) for calendar years 2018 through 2026, the period beginning on January 1, 2018, and ending on December 31, 2026; and

“(bb) for each calendar year after 2026, such calendar year.

“(III) The Commissioner shall determine and promulgate applicable percentages for each calendar year under this clause on or before October 1 of each such calendar year, based upon all actual available data, including the most recent actuarial estimates then available. In determining applicable percentages for

calendar years 2019 through 2026, the Commissioner shall take into account any corrections necessary to offset applicable percentages determined under this clause for previous calendar years to achieve outlay neutrality for the applicable period.

“(vii) Such lump sum payment shall be adjusted in accordance with paragraphs (2) and (3) of subsection 202(k), and subsections (q) and (w) of section 202, as if such payment were a monthly insurance benefit.

“(viii) Such lump sum payment shall be reduced in accordance with paragraph 202(k)(5) and subsection 203(b) as if such payment were added to the monthly insurance amount payable for the month of November immediately prior to the month of December in which such payment is made.

“(ix) Subsection 203(a) shall not apply to such lump sum payment.

“(x) Such lump sum payment shall not be regarded as income and shall not be regarded as a resource for the month of receipt and the following 9 months, for purposes of determining the eligibility of the recipient (or the recipient’s spouse or family) for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

“(xi) Such lump sum payment shall not be considered for purposes of subsection 224(a).

“(xii) Except as provided under this subparagraph, such lump sum shall be considered a Social Security payment under this title.”

10. Page 7, Lines 10-24: Strike text.

11. Page 8, Lines 1-17: Strike text.

12. Page 8, Line 22: Strike “before 2017” and insert “before 2018”

13. Page 9, Line 3: Add after paragraph (2) the following:

SEC. 3. EFFECTIVE DATE.

The amendments made by section 2 shall apply with respect to monthly insurance benefits payable on or after January 1, 2018.