Congress of the United States
Washington, DC 20510

November 17, 2008

The Honorable Michael J. Astrue
Commissioner of Social Security
6401 Security Boulevard
Baltimore, MD 21235

The Honorable Douglas Shulman
Commissioner of Internal Revenue
1111 Constitution Ave., NW
Washington, DC 20224

Dear Commissioners Astrue and Shulman:

In the last week, you have received inquiries from our offices concerning the State of Missouri's Section 218 Agreement with the Social Security Administration. This agreement allows members of Missouri's Public School Retirement System (PSRS) to pay into and receive benefits from PSRS in lieu of Social Security. As you know, 519 schools districts in Missouri recently received a letter they believe retroactively and drastically changes eligibility.

According to the schools, these changes are the result of a new narrow interpretation of the statutory definition of a teacher by the IRS, without regard for four decades of actual practice in Missouri. In exchange for a reduced benefit, individuals, who for most of their careers have been exempt from social security taxes, will now be required to pay in while continuing to contribute to PSRS.

This change in longstanding policy has created a groundswell of concern and angst among Missouri's schools. They believe it will have a detrimental impact on employees' retirement security and reduce the ability of schools to recruit and retain staff. Our offices have received letters and phone calls from concerned teachers, school counselors and other professionals. This significant change impacts thousands of school employees in Missouri. By way of example, one superintendent reported that

> *"I looked at every certified position we have, considered all of the extracurricular activities, extended duty contracts, after school programs, career ladder, and a couple of things I can't remember at this writing. After doing all of that I found that of the 70 certified people we have on staff, I can only think of two people that wouldn't be impacted by at least a portion of their salary being affected by social security.*
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> *I've already got counselors asking me if they can go back to the classroom, vocational teachers wondering why the teaching certificate they have doesn't mean much, and a speech pathologist recognizing she can make a lot more money in the private sector without the hassle."*

We are concerned about this change and are requesting that the IRS and Social Security Administration brief us on the situation. We would also like to share with you the perspective our many constituents have shared with us.

Specifically we would ask for:

(1) A description and history of the agreements governing the schools;
(2) The rationale for the changes;
(3) The authority under which these changes are being made, including the interaction between state and federal statutes;
(4) How the changes will be implemented, including outreach and education of impacted parties;
(5) How the changes will impact affected individuals future retirement income;
(6) The timeline for implementation;
(7) The manner in which extra duty contracts will be treated;
(8) The experience of other states with similar agreements; and
(9) The name of the liaison for schools to contact with questions or concerns.

Please contact Melissa Garza in Senator McCaskill's office at 202.224-6154 or Melissa_Garza@McCaskill.Senate.Gov to schedule a time to meet by November 24 2008.

Respectfully,

Claire McCaskill
United States Senator

Christopher S. Bond
United States Senator

Sam Graves
United States Representative

Ike Skelton
United States Representative

Russ Carnahan
United States Representative

Jo Ann Emerson
United States Representative

Todd Akin
United States Representative

Emanuel Cleaver
United States Representative

William Clay Jr
United States Representative