

The Protection of Social Security Benefits Restoration Act

Issue

Under current law, the federal government can recover delinquent student loans and other federal debts in a variety of ways, including taking from an individual's Social Security benefits. While the cost of college has continued to rise, the limits on how much of an individual's Social Security benefits are protected from federal government garnishment have stayed the same for 20 years. As a result, cutting earned benefits – like Social Security – to collect federal debts such as student loans can create a severe financial hardship for vulnerable, low-income seniors and individuals with disabilities, who often live on fixed incomes. Congress should take action to restore protections for beneficiaries of Social Security and other earned benefit programs.

The Bill

The *Protection of Social Security Benefits Restoration Act* would repeal a 1996 change in law that allowed earned benefits to be garnished to collect federal debts like student loans. This legislation would reestablish the strong protections in the Social Security Act and in other benefit programs, and thus guarantee beneficiaries will be able to maintain a basic standard of living by receiving the benefits they have earned.

Legislative History

On April 26, 1996, the President signed the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134), which included the Debt Collection Improvement Act of 1996 (DCIA). The DCIA made a significant change that allowed for Social Security, Railroad Retirement and Black Lung benefits to be reduced in order to collect federal debt, such as student loan debt¹.

The 1996 change greatly eroded the strong protections in the Social Security Act against garnishment and the changes were never fully debated in Congress. Recently, many are concerned that more and more people with disabilities and seniors are having their Social Security benefits garnished due to student loan debts.

Prevalence of Benefit Garnishment for Federal Debts

In Fiscal Year 2015, 860,000 individuals had their Social Security benefits reduced to pay for federal debts and the federal government collected a total of \$382 million. In Oregon, 11,800 individuals had their Social Security benefits reduced to collect federal debt.

According to a September 2014 GAO report, the number of individuals whose Social Security benefits were offset to pay student loan debt increased significantly between 2002 and 2013, from about 31,000 to 155,000. For individuals 65 and older with student loan-related Social Security garnishments, the number grew from about 6,000 to about 36,000 over the same period.²

¹ Prior to the enactment of the Debt Collection Improvement Act of 1996, the government was not authorized to garnish Social Security benefit payments to recover federal non-tax debt, such as student loan debts.

²[GAO 14-866-T](#).