

The Protection of Social Security Benefits Restoration Act

Offices of Senator Ron Wyden and Representative Adelita S. Grijalva

Issue

Under current law, the federal government can recover delinquent student loans and other federal debts in a variety of ways, including garnishing Social Security benefits. While the cost of college has continued to rise, more and more people over age 60 and people with disabilities have their earned benefits reduced by the federal government. This cut in benefits can create a severe financial hardship for vulnerable, low-income seniors and individuals with disabilities. Congress should take action to restore the 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. The bill would reestablish the unique protections in the original Social Security Act and in other benefit programs. Beneficiaries will have the peace of mind knowing that their earned benefits cannot be taken away from them.

Legislative History

On April 26, 1996, the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134), which included the Debt Collection Improvement Act of 1996 (DCIA) became law. The DCIA permitted the federal government to reduce Social Security, Railroad Retirement and Black Lung benefits in order to collect federal debts, such as student loan debt.¹ The 1996 change significantly eroded the strong protections in the Social Security Act against garnishment and the changes were never seriously debated in Congress. More and more people with disabilities and seniors are having their Social Security benefits garnished due to student loan debts, especially those with low lifetime earnings.

Prevalence of Benefit Garnishment for Student Loan Debts

According to the [CFPB](#), the total amount of Social Security benefits the Department of Education collected between 2001 and 2019 through the offset program increased from \$16.2 million to \$429.7 million, with nearly 200,000 Americans impacted. In 2019, the average amount collected from individual beneficiaries was \$186 per month. With gas, groceries, utilities, and housing costs rising this \$186 can be the difference between being able to afford food and medication.

Moreover, nearly three-quarters of all money garnished from Social Security benefits was applied to interest and fees—including the collection fees Treasury charges SSA to garnish benefit payments—and not the principal loan balances.

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. The only exceptions were unpaid federal taxes, child support or alimony, and court-ordered victim restitution.