



SOCIAL SECURITY
Office of the Chief Actuary

MEMORANDUM

Date: August 8, 2013

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To: Alice H. Wade, Deputy Chief Actuary

From: Sven Sinclair, Economist
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Subject: Estimated OASDI and HI Financial Effects of a Proposal to Cover Earnings of
Individuals with Selected Non-Immigrant Visas

The U.S. government grants non-immigrant temporary visas to qualified individuals from other countries. There are several different non-immigrant visa categories, some permitting individuals to work and exempt their earnings from Social Security and Medicare coverage.

The proposal would extend Social Security and Medicare coverage to the following categories of non-immigrant visa holders, unless an existing coverage exclusion precludes coverage (e.g., work performed by students for an educational institution that has elected to exclude students from coverage):

- F-1—academic students
- H-2A—temporary agricultural workers
- J-1—exchange visitors
- M-1—vocational or non-academic students
- Q-1—international cultural exchange visitors
- Q-2—Irish peace process visitors

For the purpose of this estimate, we assume the proposal would be effective for work performed on or after January 1, 2014 under these visa categories. For 2014, we estimate that this proposal would extend coverage to about 290,000 visa holders and the average taxable wage for these visa holders would be about \$12,400. The extra payroll tax from extending coverage would provide additional income to the combined Old-Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds and the Hospital Insurance (HI) Trust Fund. Because most of these visa holders will ultimately have less than 10 years of coverage, we expect only a small offsetting effect for benefit payments from this extra coverage. The table below displays the year-by-year net OASDI savings from the proposal through 2022, as well as the projected increase in Medicare (Part A: Hospital Insurance) tax revenue:

<u>Calendar year</u>	<u>Net OASDI program savings (in millions)</u>	<u>Increase in Medicare (HI) Tax Revenue (in millions)</u>
2013	\$0	\$0
2014	425 ¹	105
2015	474	111
2016	503	118
2017	533	125
2018	563	132
2019	590	139
2020	618	145
2021	646	152
2022	674	159
Total, 2013-2022	5,026	1,186

Table 1, attached, details the OASDI financial effects of this proposal over the 75-year long-range period. The overall effect of this proposal would be to increase (improve) the long-range (75-year) OASDI actuarial balance by an estimated 0.01 percent of taxable payroll. We base all estimates on the intermediate assumptions of the 2013 Trustees Reports.



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¹ The 2014 values for specific visa category are as follows:

<u>Visa category</u>	<u>Number of workers</u>	<u>Average earnings</u>	<u>Net OASDI program savings (millions)</u>	<u>Increase in HI revenues (millions)</u>
H-2A	73,000	\$12,400	\$106	\$26
J-1	205,000	\$12,800	\$309	\$76
M-1	10,000	\$2,800	\$3	\$1
Q-1	2,000	\$33,800	\$7	\$2

We assume no persons would be affected in the Q-2 visa category, and assume no effect from extending coverage to students on F-1 visa because their employment would be excluded based on other existing coverage exclusions.

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio

Starting in 2014, extend OASDI coverage to immigrants with F-1, H-2A, J-1, M-1, Q-1, and Q-2 Visas.

Year	Proposal			Trust Fund Ratio 1-1-year	Change from Present Law		
	Expressed as a percentage of present-law				Expressed as a percentage of present-law		
	Cost Rate	Income Rate	Annual Balance		Cost Rate	Income Rate	Annual Balance
2013	13.95	12.69	-1.26	330	0.00	0.00	0.00
2014	14.04	12.84	-1.20	315	0.00	0.01	0.01
2015	13.97	12.87	-1.10	301	0.00	0.01	0.01
2016	13.91	12.89	-1.02	286	0.00	0.01	0.01
2017	13.88	12.91	-0.97	271	0.00	0.01	0.01
2018	13.91	12.94	-0.98	258	0.00	0.01	0.01
2019	14.06	12.96	-1.10	244	0.00	0.01	0.01
2020	14.26	12.97	-1.28	231	0.00	0.01	0.01
2021	14.44	13.00	-1.44	218	0.00	0.01	0.01
2022	14.70	13.03	-1.67	204	0.00	0.01	0.01
2023	14.97	13.05	-1.92	189	0.00	0.01	0.01
2024	15.23	13.06	-2.16	174	0.00	0.01	0.01
2025	15.48	13.08	-2.40	158	0.00	0.01	0.01
2026	15.71	13.09	-2.62	142	0.00	0.01	0.01
2027	15.93	13.10	-2.82	125	0.00	0.01	0.01
2028	16.14	13.12	-3.02	108	0.00	0.01	0.01
2029	16.33	13.13	-3.20	90	0.00	0.01	0.01
2030	16.49	13.14	-3.35	72	0.00	0.01	0.01
2031	16.63	13.15	-3.49	52	0.00	0.01	0.01
2032	16.75	13.16	-3.60	32	0.00	0.01	0.01
2033	16.86	13.16	-3.69	12	0.00	0.01	0.01
2034	16.93	13.17	-3.77	----	0.00	0.01	0.01
2035	16.98	13.17	-3.81	----	0.00	0.01	0.01
2036	17.01	13.17	-3.83	----	0.00	0.01	0.01
2037	17.02	13.18	-3.85	----	0.00	0.01	0.01
2038	17.02	13.18	-3.84	----	0.00	0.01	0.01
2039	16.99	13.18	-3.82	----	0.00	0.01	0.01
2040	16.96	13.18	-3.79	----	0.00	0.01	0.01
2041	16.93	13.18	-3.75	----	0.00	0.01	0.01
2042	16.89	13.18	-3.72	----	0.00	0.01	0.01
2043	16.86	13.18	-3.69	----	0.00	0.01	0.01
2044	16.84	13.18	-3.67	----	0.00	0.01	0.01
2045	16.83	13.18	-3.65	----	0.00	0.01	0.01
2046	16.82	13.18	-3.64	----	0.00	0.01	0.01
2047	16.81	13.18	-3.63	----	0.00	0.01	0.01
2048	16.79	13.18	-3.62	----	0.00	0.01	0.01
2049	16.79	13.18	-3.61	----	0.00	0.01	0.01
2050	16.78	13.18	-3.61	----	0.00	0.01	0.01
2051	16.79	13.18	-3.61	----	0.00	0.01	0.01
2052	16.81	13.18	-3.63	----	0.00	0.01	0.01
2053	16.84	13.18	-3.65	----	0.00	0.01	0.01
2054	16.87	13.18	-3.69	----	0.00	0.01	0.01
2055	16.91	13.19	-3.72	----	0.00	0.01	0.01
2056	16.96	13.19	-3.77	----	0.00	0.01	0.01
2057	17.00	13.19	-3.81	----	0.00	0.01	0.01
2058	17.05	13.20	-3.85	----	0.00	0.01	0.01
2059	17.10	13.20	-3.90	----	0.00	0.01	0.01
2060	17.14	13.20	-3.94	----	0.00	0.01	0.01
2061	17.19	13.20	-3.98	----	0.00	0.01	0.01
2062	17.23	13.21	-4.02	----	0.00	0.01	0.01
2063	17.27	13.21	-4.06	----	0.00	0.01	0.01
2064	17.31	13.21	-4.10	----	0.00	0.01	0.01
2065	17.36	13.22	-4.14	----	0.00	0.01	0.01
2066	17.40	13.22	-4.19	----	0.00	0.01	0.01
2067	17.45	13.22	-4.23	----	0.00	0.01	0.01
2068	17.50	13.22	-4.27	----	0.00	0.01	0.01
2069	17.54	13.23	-4.32	----	0.00	0.01	0.01
2070	17.59	13.23	-4.36	----	0.00	0.01	0.01
2071	17.62	13.23	-4.39	----	0.00	0.01	0.01
2072	17.66	13.23	-4.42	----	0.00	0.01	0.01
2073	17.68	13.23	-4.45	----	0.00	0.01	0.01
2074	17.71	13.24	-4.47	----	0.00	0.01	0.01
2075	17.72	13.24	-4.48	----	0.00	0.01	0.01
2076	17.73	13.24	-4.49	----	0.00	0.01	0.01
2077	17.74	13.24	-4.50	----	0.00	0.01	0.01
2078	17.74	13.24	-4.50	----	0.00	0.01	0.01
2079	17.75	13.24	-4.51	----	0.00	0.01	0.01
2080	17.76	13.24	-4.52	----	0.00	0.01	0.01
2081	17.78	13.24	-4.54	----	0.00	0.01	0.01
2082	17.80	13.24	-4.56	----	0.00	0.01	0.01
2083	17.83	13.24	-4.59	----	0.00	0.01	0.01
2084	17.87	13.25	-4.63	----	0.00	0.01	0.01
2085	17.92	13.25	-4.67	----	0.00	0.01	0.01
2086	17.96	13.25	-4.71	----	0.00	0.01	0.01
2087	18.02	13.25	-4.76	----	0.00	0.01	0.01
2088	18.07	13.26	-4.81	----	0.00	0.01	0.01

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2013 - 2087	16.60%	13.88%	-2.71%	2033

Summarized Rates: OASDI			
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance	
0.00%	0.01%	0.01%	

Based on Intermediate Assumptions of the 2013 Trustees Report

¹ Under present law the year of Trust Fund reserve depletion is 2033

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