

## I. INTRODUCTION

On August 22, 1996, Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (also known as Welfare Reform) was enacted. Under this new law only certain excepted classes of aliens are eligible for Supplemental Security Income (SSI) and Food Stamps. One of the exceptions to the restrictions can be met through the use of information the Social Security Administration maintains in its records. This exception involves aliens who are lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act and who have worked or can be credited with 40 qualifying quarters of coverage (QC). Under certain conditions, the QC of parents or spouses can be added to the client's record to achieve the needed 40 QC. (However, these QC's do not count for Social Security benefit purposes.) QC's earned after December 31, 1996, cannot be counted if the noncitizen, spouse, or parent received any federal means-tested public benefit during the period for which the QC was credited.

This pamphlet contains guidelines that can be used to determine whether your applicant/recipient meets the requirements for the 40 QC exception referred in KFSM 3201(2). The guidelines are broken out into four sections -- the interview process, how staff access the system, how to interpret the output data and if there is a discrepancy, the reconciliation process.

You will see the following terms used throughout these guidelines. When you see them, this is what they mean.

**Quarter** -- A period of three calendar months ending March 31, June 30, September 30 and December 31.

**Covered Earnings** -- Wages or self-employment income which require payment of FICA (Social Security) taxes.

**Noncovered Earnings** -- Wages or self-employment income which do not require payment of FICA (Social Security) taxes.

**Quarter of Coverage (QC)** -- Credit for a requisite amount of covered earnings assigned to a calendar quarter.

**Applicant** -- The individual applying for your benefit.

**Number Holder** -- An individual who has a Social Security number assigned to him/her.

**Qualifying Quarter (QQ)** - Credit for a requisite amount of coverage earnings or noncovered earnings assigned to a calendar quarter.

**QC History** -- A display of quarters of Coverage by Quarter and year.

SVES - State Verification and Exchange System, the system which will be used to request QC Histories.

LAG Quarters -- Current year Quarters and preceding year Quarters which will not appear in the QC history pattern because the employer report has not been processed. This could be up to 7 Quarters depending when a request for QC history is processed.

### **THE INTERVIEW**

Use this section to determine the potential effect of applying the 40 QC provision to an individual applicant. As explained in section 1, the applicant's work and work by his/her parents and/or spouse with certain exceptions, can all be combined to attain the 40 quarters required to meet this exception.

Question the applicant to elicit information sufficient to determine that the proper relationships exist, the date of birth of the applicant and the identifying information that will allow you to access the SSA QC History System.

A. Determine which number holders can be included in the QC count.

- The applicant, always.
- The applicant's biological parents (unless adopted), but only quarters worked while the applicant was under age 18.
- The applicant's adoptive parents, but only quarters worked while the applicant was under age 18.
- The applicant's step-parent, provided the step relationship still exists, but only for quarters worked while the relationship was in existence and the applicant was under age 18.
- The applicant's current spouse, but only for the quarters worked during the spousal relationship.
- The applicant's former spouse, only if the marriage ended by death, but only for quarters worked during the marriage.

B. Determine whether it is possible for the applicant to meet the requirement.

Ask: How many years the applicant, and each of the relevant individuals above have lived in this country.

add the number of years for each together and,

If: The total equals at least 10 years, proceed to C.

If: The total is less than 10 years.

Ask: Whether the applicant, his/her parents or spouse ever commuted to work in the U.S. from another Country before coming here to live or worked for a U.S. company overseas and paid U.S. income taxes or FICA taxes.

If YES, determine the number of years and add them to the total.

If: The total is at least 10, proceed to C.

If: The total is less than 10, STOP. The applicant cannot meet the 40 QC requirement.

C. Determine how many years in the total from B above included earnings.

- Four quarters in each year can be credited to the applicant from each individual. (See Chart in Section IV. Remember QC's in years beginning 1978 do not indicate work in the actual quarter, they are based solely on total yearly earnings.) Four quarters can be earned for the year even though the individual did not have earnings in all four quarters.

- Always credit the applicant's own quarters first. This will simplify verification because many applicants will have sufficient quarters on their own record and you will not need to request a QC History for the parents)/spouse number holder(s).

If: The interview process clearly shows that the applicant meets the 40 QC exception, request verification using the 40 QC History query.

If: The interview process shows the applicant may meet the QC exception, request verification a sin g the 40 Q C Hi sto ry query.

If The interview process shows that the applicant will not meet the 40 QC exception, but the applicant still believes he/she meets this requirement, request verification a sin g the 40 Q C Hi sto ry query.

D. You should always:

- establish the necessary relationships to the applicant before requesting a QC History.
- obtain a Consent for Release of Information (SSA-3288) from number holders other than the applicant. (A copy is in the KEESM Appendix.)
- request a QC History unless it is clear from the interview that the applicant or

applicant in combination with others cannot meet the 40 QC exception.

- **determine**, whether any of the individuals whose quarters will be used in your determination have received a federal means-tested public benefit. SSA will tell you about SSI as part of this Query. You will need this information when reviewing the output to determine whether quarters in years after 1996 can be included.

### **III. ACCESSING THE SYSTEM**

After determining which Social Security Numbers you need to request Quarters of Coverage histories on, obtain the Consent for Release of Information forms you need.

**You will need a Consent for Release of Information** signed by the parent/spouse number holder when requesting a QC history for Social Security numbers that are not assigned to the applicant (i.e., a parent/spouse of the applicant.) Have the parents)/spouse complete Form SSA-3288 CONSENT FOR RELEASE OF INFORMATION. (See KFSM Appendix for a copy of this form.) (Note - QC HISTORY IS NOT EARNINGS OR EMPLOYMENT HISTORY)

- You must indicate that the information can be released to both your agency and the applicant.
- The parent/spouse must indicate that the request pertains to **Social Security Number, Identifying information, Information about benefit payments and Other -Quarters Coverage History.**
- The parent/spouse must **state their relationship** to the applicant **and sign and date** the form.

**YOU MUST RETAIN THIS CONSENT FORM IN YOUR FILES. SSA MAY NEED TO SEE IT IF A QUESTION IS RAISED.**

**ACCESS QC HISTORY FROM THE EATSS SYSTEM.**

**See Section 1400 of KAECSES User Manual, Volume I to request and access QC information.**

#### **Quarters of Coverage Pattern values:**

The following codes will appear in the QQC pattern. Each code indicates a quarter of coverage. NOTE: All codes represent a qualifying quarter from covered earnings (QC) except F, U and W, which are shown as QQS. This will be important when you determine how to handle discrepancies, Section V.

A - Agricultural QC

C - Wage QC (This is the most common quarter code you will see.)

D- Military QC

F - Federal, State or Local government wage (these wages are now allowable even though they are "non-covered." Non-covered earnings are defined as wages which do not require payment of FICA/SECA (Social Security) taxes.)

G- Gift QC

J- Japanese Interment QC

M- Military

R - Railroad QC

S - Self Employment

U - Noncovered Credit QQ

X - Wage QC which can occur for 1951 or 1952

W - Noncovered credit derived from the sum of covered

\* - A covered QC

The following codes cannot be counted as a quarter of coverage.

N - Quarter with no earnings, a non QC

Sometimes there is not enough information on the SSA record to determine whether there is a quarter of coverage. When this happens you will see the following codes:

# - Questionable QC that can occur 1952 through 1977

Z - Questionable QC that can occur 1952 through present

- - Questionable noncovered credit that can occur after 1977 for deferred compensation wages.

If you see these codes (# or Z) in a Quarter, you need to include in your determination, the number holder must contact SSA. SSA will investigate the earnings and either confirm or deny the Quarter.

SSA will not develop the code "-". See Section V.C. for developing qualifying quarters based on noncovered earnings.

**REMEMBER:** The record you receive will not show current year earnings or possibly last year's earnings,

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depending on when you make your request. SSA processing earnings report on a flow basis-but, because of the volume, generally does not complete the processing until mid to late summer of the year following the year of earnings. SSA will NOT develop these earnings for you because they will appear on SSA records when they are processed See Section V for guidelines on how to develop the existence of these earnings if such earnings are needed to establish the 40 QC exception.

**IV. MAKING THE DETERMINATION**

EXAMPLE: Your applicant entered the United States in 1986. The applicant's spouse entered prior to that time. They married in June 1991. You have determined that a QC history for both SSNs will be needed for the applicant to meet the 40 QC exception. You have obtained a consent for release of information from the spouse and accessed SVES. The QC history you receive is shown below. The display may be in a different format from that shown depending on your State formatting requirement. However, you will have the YEAR and QUARTER display. The Quarter display begins on the right with the first quarter and ends on the left with the fourth quarter.

Applicant	Applicant's Spouse
1986	NNNNCCCC
1987	NAACCCCC
1988	NNNNCCCC
1989	NNAAZZCC
1990	AAAACCCC
1991	AAAACCCC
1992	AANNCCCC
1993	CCCCCCCC
1994	CCCCCNC
1995	CCCCCCCC
1996	NNNNNNNN
1997	NNNNNNNN

In this example, the applicant has a combination of wage and agricultural quarters totaling 27. It appears that the applicant's spouse has enough quarters, which when added to the applicant's quarters will equal 40. However, we can only use the spouse's quarters earned during the marriage. The spouse has 17 quarters during the marriage. When added to the applicant's quarters the total exceeds the 40 quarter requirement.

In this case, you do not need to reconcile the "Z" quarters with SSA because they are outside of the marriage period. You also do not need to develop the LAG quarters because they are not needed to reach the 40 quarter requirement.

**REMEMBER:**

**YOU CANNOT COUNT ANY QC AFTER 12/31/96 IF THE NONCITIZEN, PARENT OR SPOUSE RECEIVED A FEDERAL MEANS-TESTED PUBLIC BENEFIT** Page 6 of 15

DURING THE QUARTER.

FOLLOW THESE STEPS WHEN MAKING THE DETERMINATION

Step 1: Review the applicant's record. Do the codes which represent QCS add up to 40?

If: YES, the applicant meets the exception requirement.

If: NO, are the current or prior years earnings which are not shown in the QC pattern, but if added to the total will equal at least 40? (See chart following step 3 for earnings amounts need for a QC.)

If: YES, develop as described in Section V.

If: NO, go to step 2.

STEP 2: Review other records for the periods which can be used (during the marriage for a spouse and under age 18 for a parent.) When you add the codes which represent a QC on these records to the applicant's record, do they equal 40?

If YES, the applicant meets the exception requirement.

If: NO, go to step 3.

STEP 3: Review the records:

Review the field **QUARTERS OF COVERAGE (1937 - 1950) MINIMUM**.

If: these can be used (see step 2) add these to the total. Does the total equal 40?

If: YES, the applicant meets the exception requirement.

If: NO, continue.

Review the field **QUARTER OF COVERAGE (1937 - 1950) MAXIMUM** and look at the QC pattern for codes # and Z.

If: the maximum number and/or the codes # and Z at least equal 40 when added to the total, refer the case to SSA as described in Section V.

If: the total still does not equal 40, continue.

Review the QC pattern with the applicant.

If: the applicant believes that QCs are missing, refer the case to SSA as described in Section V.

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If: the applicant believes the records are correct, he/she cannot meet the exception requirements.

The following chart will assist you in determining whether the individuals have the level of earnings to produce a Qualifying Quarter:

For 1978 and later, credits are based solely on the total yearly amount of earnings. The number creditable QC's are obtained by dividing the individual's total earned income by the increment amount for the year. All types of earnings follow this rule. The amount of earnings needed to earn a credit increases and is different for each year. For 1978 through 1997, the amount of earnings needed for each credit is:

1978	\$250
1979	\$260
1980	\$290
1981	\$310
1982	\$340
1983	\$370
1984	\$390
1985	\$410
1986	\$440
1987	\$460
1988	\$470
1989	\$500
1990	\$520
1991	\$540
1992	\$570
1993	\$590
1994	\$620
1995	\$630
1996	\$640
1997	\$670
1998	\$700

A current year Quarter may be included in the 40 Quarter computation. Use the current year amount as the divisor to determine the number of quarters available. DO NOT COUNT A QUARTER THAT HAS NOT ENDED.



**V. RECONCILIATION**

**A. LAG QUARTERS**

When the applicant or other individual does not agree with QC pattern provided by the SVES query and the problem is missing Quarters in the current year:

- accept a current employer prepared wage statement as proof of earnings and credit a Quarter for each increment shown in the chart in IV. Assume the earnings are covered employment if the wage statement shows FICA withholds.

If: the problem is Quarters in the last taxable year and the query was requested before September after the close of the preceding taxable year.

Then: accept forms such as W-2 and/or W-2c, employer prepared wage statements or an IRS copy of the individuals tax return and credit Qualified Quarters of the applicant using the chart in IV. Assume the earnings are covered if the proof submitted indicates FICA taxes were withheld.

If: the query was requested after August,

Then: the earnings are not LAG and should be developed following B below.

**B. COVERED EMPLOYMENT**

Whenever the applicant or any other individual does not agree with the QC pattern provided by the SCES query, it will be necessary to reconcile the discrepancy. When the individual believes that the work he/she performed was in Covered Employment, and the earnings do not fall within the LAG period, SSA is responsible for investigating the discrepancy and correcting the record.

Refer all covered employment cases to SSA as follows:

If: the individual indicates that he/she used more than one SSN or allowed others to use his/her SSN,

Then: the individual will need to contact their local Social Security office to resolve the issue or call 1-800-772-1213 to setup an appointment. Be sure to tell them to take a copy of the QC pattern and identifying information to the office with them.

If: you need to develop a Z indicator for year(s) 1977 or earlier or a # sign indicator from the QC pattern,

Then: Refer the case to the SSA Office of Central Records Operations for investigation using from SSA-512 (Locally duplicate as needed.). If you are developing for more than one individual, send a written request containing

the following information:

Name Social Security Number Date of Birth Year of Years in Question Return Address - Copy of the Output From the Query

A separate development request is needed for each SSN to be investigated.

Mail the request along with the copy of the Output from the query to:

SSA, OCRO P.O. Box 17750 Baltimore, MD 21235-0001

If: you need to follow up on the status of your request

Then: 45 days after your original request, you should request another QC query. If the entry has been updated, the # or A will be overlaid with N or C. If the QC pattern has not been updated after 60 days, call 1-1800-772-1213.

If: the individual indicates there are missing quarters or the code "Z"Z is 1978 or later,

Then: have the applicant, if it is the number holder of the SSN, complete the attached SSA-7998. Proof of earnings such as W-2's, pay slip/stub, tax return or statement from the employer should be provided. On top of the SSA-7008 write "Welfare Reform."

or

If the applicant is not the number holder, tell the applicant that the number holder must complete the SSA-7008 and provide proof of earnings as shown above.

All SSA-7008s along with the documentation should be mailed to:

SSA, OCRO P.O. Box 17750 Baltimore, MD 21235-0001

If the applicant has no documentation, he/she should contact their local Social Security Office of call 1-800-772-1213 to arrange an appointment.

C. CANNOT OBTAIN CONSENT TO RELEASE INFORMATION

When someone refuses or cannot be located (after reasonable efforts are made to contact) to authorize release of their information or QQ history, you will not be able to use the automated system to request information. In these instances only the pertinent quarters (quarters that might be used) can be disclosed to you. Form SSA513 REQUEST FOR QUARTERS OF COVERAGE (QC) HISTORY BASED ON RELATIONSHIP should be used to request this information. The form and instructions for completion are located at the end of these instructions and can be duplicated as needed.

D. NONCOVERED EMPLOYMENT

When an applicant cannot meet the 40 qualifying quarter exception using covered earnings or medicare-only Federal, State, or local wages but alleges that he/she had additional work that is not documented by the SVES query of the QCHS, follow the outline below to establish the existence of the earnings and convert them to qualifying quarters.

STEP 1: Review the QCHS response with the applicant to determine whether qualifying quarters are missing from the record.

If: QQs are not missing from the response, make your determination based on the information already obtained.

If: QQs are missing from the response, obtain sufficient information from the individual so that you can use the chart following this STEP to determine whether the alleged earnings are covered or noncovered. Some examples of questions you might ask are:

- Name and address of employer
- Dates of employment
- Amount of earnings
- Type of business or self-employment
- Rate of pay
- Work Performed

The COVERED EMPLOYMENT CHART should be used as a guide. The Social Security provisions are very complex and the chart may not all exceptions in the Social Security Act.

It is important to note that 97 percent of all employment is now covered under the Social Security Act.

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COVERED EMPLOYMENT CHART

	Year Coverage Began			Year Coverage Began
<b>Employment in the United States except as indicated</b>	1937	<b>Employment outside the United States</b>		
Agriculture		Puerto Rico		1951
Farm Labor, including domestics 1951		Virgin Islands		1951
Domestic Service-over \$50 a calendar quarter (through 1994)	1951	On American ships and aircraft		1951
Domestic Service -over \$1000 per year	1995	Guam		1961
Federal Government		American Samoa		1961
Civilians not under civil service retirement	1951	<b>Self-Employment- - except as indicated</b>		1951
Uniformed Services	1957	Farmers		1955
Federal Government-new hires- compulsory 1984		Materially-participating farmers		1956
Homeworkers (\$50 a quarter; State license)	1951	Professional groups excluding lawyers, dentists, doctors, and other medical groups		1955
Homeworkers (\$50 a quarter; no license needed)	1955	Ministers-elective		1955
State and local government- elective		Compulsory		1968
Not under a State or local retirement system	1951	Lawyers, dentists and other medical groups excluding doctors of medicine		1956
State and local government- compulsory for non-members of employees' retirement system	7/2/1991	Doctors of Medicine		1965
Nonprofit organizations- elective	1951	American citizens employed in the United States by foreign government (covered as self-employed)		1961
Nonprofit organizations- compulsory	1984	Direct sellers (house to house salespersons)		1983
Ministers (covered as self-employed)		Real estate agents		1983
Railroads-service less than 10 years covered by transfer to credits	1951	Newspaper and shopping news Distributors		1994
Tips-Cash Tips of \$20 or more in a month from one employer 1966				
Vow of poverty members of religious orders- if order elects to cover lay employees and members of the order	1972			SSA-June 1998

If: You determine the earnings are from covered employment or Federal, State or local medicare-only wages, then go to A. I and 11 for development guidelines.

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If: You determine the earnings are from covered employment or Federal, State or local Medicare - only wages, then go to A. I and 11 for development guidelines.

If: You determine the earnings are from other noncovered employment, then you must obtain satisfactory evidence that the earnings exist before you can use the earnings to credit QQs. You should follow you agency's guidelines on developing eligibility requirements and evidentiary proof when making your decision. However, the following list suggests means by which evidence necessary to credit QQs might be obtained.

#### EVIDENCE TO CREDIT QUALIFYING QUARTERS

The following examples of evidence which can be used to establish earnings is not all inclusive. You may become aware of additional evidence during your contacts with the applicant. Remember YOU must be satisfied that the evidence presented supports the existence of earnings and the amount of the earnings.

- Form W-2 (Wage and Tax Statement) and W-2c (Statement of Corrected Income and Tax Amount).
- Employer prepared earnings statements,
- Statements of earnings signed by the custodian of the employers records,
- IRS copy of the employee's tax return,
- Timely-filed tax return for a self-employed individual. Be sure that the proof of filing, cancelled check, money order or copy of Schedule C bearing the IRS time stamp, indicates the return was filed within 3 years 3 months and 15 days after the year in which the self-employment income was derived.
- Other evidence of self-employment that allows you to determined that a business did exist and that a profit was earned. Comparison of bills, vouchers and receipts are examples of evidence you might use to make a determination.
- Pay envelops, vouchers, and similar unsigned employer earnings statements to the employee, a State or Federal agency,
- Union records,
- Individual's copy of a Federal or State tax return,
- Records of State unemployment insurance agencies,
- Individual's personal records and statements, and
- Any other evidence of probative value.

**STEP 2:** After you are satisfied that the uncovered earnings exist, use the following chart to determine the number of QQs that can be credited. You can combine covered and noncovered earnings for a year.

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The dollar amount indicates the amount needed to credit one qualifying quarter beginning with 1978.

1978	\$250	1989	\$500
1979	\$260	1990	\$520
1980	\$290	1991	\$540
1981	\$310	1992	\$570
1982	\$340	1993	\$590
1983	\$370	1994	\$620
1984	\$390	1995	\$630
1985	\$410	1996	\$640
1986	\$440	1997	\$670
1987	\$160	1998	\$700
1988	\$470	1999	\$740
		<b>2000</b>	<b>\$780</b>

A current year Quarter may be included in the 10 Quarter computation. Use the current year amount as the divisor to determine the number of quarters available. FOLLOW YOUR AGENCY GUIDELINES REGARDING COUNTING A QUARTER THAT HAS NOT ENDED.

If you need to assign quarters before 1978:

- A credit was earned for each calendar quarter in which an individual was paid \$50 or more in wages (including agriculture wages for 1951 - 1954);
- Four credits were earned for each taxable year in which an individual's net earnings from self-employment were \$400 or more; and/or
- A credit was earned for each \$100 (limit to a total of four) for agricultural wages paid during the year for the years 1955 - 1977.