

**PROTECTING BENEFICIARIES FROM THE HARM
OF IMPROPER PAYMENTS**

HEARING
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
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United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

FOR IMMEDIATE RELEASE
October 11, 2023
No. SS-03

CONTACT: 202-225-3625

**Chairman Smith and Social Security Subcommittee Chairman Ferguson
Announce Subcommittee Hearing on Protecting Beneficiaries from the Harm
of Improper Payments**

House Committee on Ways and Means Chairman Jason Smith (MO-08) and Social Security Subcommittee Chairman Drew Ferguson (GA-03) announced today that the Subcommittee on Social Security will hold a hearing examining how the Social Security Administration can better identify improper payments before they occur and provide beneficiaries with adequate notice when they occur. The hearing will take place on **Wednesday, October 18, 2023, at 2:00PM in the Sam Johnson Room located in 2020 Rayburn House Office Building.**

Members of the public may view the hearing via live webcast available at <https://waysandmeans.house.gov>. The webcast will not be available until the hearing starts.

In view of the limited time available to hear the witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record can do so here: WMSubmission@mail.house.gov.

Please ATTACH your submission as a Microsoft Word document in compliance with the formatting requirements listed below, **by the close of business on Wednesday, November 1, 2023**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Please indicate the title of the hearing as the subject line in your submission. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

ACCOMMODATIONS:

The Committee seeks to make its facilities accessible to persons with disabilities. If you require accommodations, please call 202-225-3625 or request via email to WMSubmission@mail.house.gov in advance of the event (four business days' notice is requested). Questions regarding accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the Committee website at <http://www.waysandmeans.house.gov/>.

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PROTECTING BENEFICIARIES FROM THE HARM OF IMPROPER PAYMENTS

WEDNESDAY, OCTOBER 18, 2023

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SOCIAL SECURITY,
COMMITTEE ON WAYS AND MEANS,
Washington, DC.

The subcommittee met, pursuant to call, at 2:12 p.m., in Room 2020, Rayburn House Office Building, Hon. Drew Ferguson [chairman of the subcommittee] presiding.

Chairman FERGUSON. This is a crazy time on Capitol Hill right now. But wanted to welcome you, thank you for taking time to join us today.

We have got a lot of work to do on improper payments. That is what we are here to discuss today. One thing that I would like to say is one thing that I think that we all agree on, and I want to go ahead and put this out there right now, is that way too many Americans now have the burden of having to deal with an overpayment.

And I believe that we come together in a way to make sure that those people are not caused additional harm or suffering. And we will get to that conversation, because I know whether you are Republican, whether you are Democrat, no matter what district you are from, the last thing you want to see are your constituents burdened by mistakes that have been made by the administration.

So we will get to that point. But today it is about making sure that we focus in on how to stop the improper payments, underpayments or overpayments, improper payments.

And we have a—Social Security is so vitally important to all of us, and there are about 65 million Americans who rely on the Social Security Administration to provide them with timely and accurate benefits each and every month. To the roughly 180 million taxpayers who contribute a portion of their paychecks to fund the program, it is important to them too. With a program this size, which pays out more than \$1.2 trillion a year, even a small percentage of errors can have a big impact, and every error can affect a beneficiary's livelihood.

Let's all agree—let's all, again, agree that we shouldn't be going after beneficiaries who receive payments improperly. Let's focus first on stopping the improper payments. Whether it is—whether we are talking about an overpayment or whether we are talking about an underpayment, we have to get this right.

We have major issues, and we have insolvency coming with Social Security in less than 10 years, something that we all—we all

share a concern about and are committed to finding a pathway forward in a bipartisan way. But we cannot continue to go down the road of turning a blind eye to inefficiencies and improper payments in the administration.

So I believe that, as we go forward, we can figure out better processes. I think that we can figure out more efficient ways of dealing with this.

Just to give you an example. The old process took way too long, and now the improved process has a 10-page form that the beneficiary has to navigate. It is still really complicated, and we are putting a tremendous burden on the beneficiary when, in fact, there are ways that we can address this, and we can be more proactive in dealing with the improper payments.

And I understand, and what I would like to do is enter into the record, without objection, the request waiver for the overpayment recovery.

This is it. Many of you have seen this. It is not the easiest thing in the world, particularly if we are talking about someone that may not have the means and the resources around them to hire professionals to help them with this.

[The information follows:]

Request for Waiver of Overpayment Recovery

When To Complete This Form

Complete this form if any of the following applies:

- You think that you are not at fault for the overpayment and you cannot afford to pay the money back.
- You think that you are not at fault and you think the overpayment is unfair for some other reason.

We will use your answers to decide if you have to pay the money back. If we decide you do not have to pay the money back, we call it a waiver.

When Not To Complete This Form

- You think that you are not at fault and your overpayment is \$1,000 or less. Instead, please request a waiver by calling 1-800-772-1213 or your local field office. We may be able to process your request quickly over the phone.
- You think we made a mistake when we decided that you were overpaid, or if you disagree with the amount of your overpayment. Instead, please complete the **SSA-561**, Request for Reconsideration.
- You are requesting a hearing before an Administrative Law Judge. Instead, please complete the **HA-501-U5**, Request for Hearing by Administrative Law Judge.
- You **only** want to change the amount of money you must pay us back each month. Instead, please complete the **SSA-634**, Request for Change in Overpayment Recovery Rate.
- You have been convicted of fraud relating to this overpayment.

IMPORTANT: Please answer the following questions as completely as you can and submit any supporting documents with your waiver request. If you are assisting the person who is requesting a waiver, please answer the questions as if that person was completing the request. If you need more space for answers, use the "REMARKS" section on page 7.

SECTION 1 - IDENTIFYING QUESTIONS

1.	<p>A. What is the name, Social Security Number, and claim number (if any) of the overpaid person?</p> <p>Name: _____</p> <p>SSN: _____ Claim Number: _____</p> <hr/> <p>B. If you are filling out the waiver request for the overpaid person, provide your name and relationship to the person.</p> <p>Name: _____</p> <p>Relationship: _____</p>
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SECTION 2 - WAIVER REQUEST

2. Is the total amount of the overpayment stated on your letter \$1,000 or less? Yes No
 If **Yes**, you do not need to complete the rest of this form. Please call 1-800-772-1213 or your local field office and we may be able to process your waiver request quickly over the phone.
 If **No**, continue completing the rest of the form.
- What is your reason for requesting a waiver? (Check all that apply)
- A. The overpayment was not my fault.
 B. I cannot afford to pay the money back.
 C. The overpayment is unfair for other reasons.
 Please explain: _____

3. Please provide the date of the notice for the overpayment that you are asking us to waive:
 _____ (MM/DD/YYYY)
4. Are you requesting that we waive the entire overpayment, including money that you have already paid back to us? Yes No
 If **No**, are you requesting that we only waive the remaining amount of money that you owe us? Yes No
5. Tell us what you know about why the overpayment may have happened. If there was a reason you did not understand or were not able to report the change to us, please explain why.
Overpayments typically occur when a change happened in your life that we think we did not find out about on time. This happens for many reasons and understanding your opinion helps us decide your waiver request.

SECTION 3 - NEEDS BASED INCOME

6. Are you **currently** receiving SSI payments? Yes No
 If **Yes**, go to page 9, sign, date, and provide your address and phone number.
 If **No**, complete the rest of the form.
7. A dependent is a person who depends on you for support and whom you can claim on your tax return. If you have a Title II overpayment, are you or any dependent household member **currently** receiving any of the following?
 • Supplemental Security Income (SSI) payments
 • Temporary Assistance for Needy Families (TANF)
 • Pension based on need from the Department of Veterans Affairs (VA)
 Yes No
 If **Yes**, go to page 9, sign, date, and provide your address and phone number. Please, provide proof of the TANF or VA pension.
 If **No**, complete the rest of the form.

SECTION 4 - MEMBERS OF HOUSEHOLD

8. A. If you are an adult requesting a waiver, list your spouse and dependents in this section. A dependent is a person who depends on you for support and whom you can claim on your income tax return. Complete Sections 5, 6 and 7 with your, your spouse's, and dependents' information. If you are completing the waiver request for a minor child, does the child's income and assets help with food and household items?

- If **Yes**, list the minor child's parent (s) and other dependents' of the parents in this section. Complete Sections 5, 6 and 7 with the entire household's information.
- If **No**, only provide the child's information in Sections 5, 6 and 7.

Name	Age	Relationship To You

B. Does any adult or child live with you whom you cannot claim as a dependent on your tax return?

Yes No

Does this person pay any rent, household bills, or any other household expense?

Yes, total monthly amount you receive \$ _____ No

Documents to Support Your Statement:

To complete Sections 5, 6 and 7 of this form, you should refer to certain documents to support your statements. Please answer all the questions and submit any supporting documents for you, your spouse, and your dependents. Your supporting documents should be dated no more than 3 months from the date that you are requesting a waiver. Examples of supporting documents are:

- Current Rent or Mortgage Information
- 2 or 3 Recent Utility, Medical, Charge Card, and Insurance Bills
- Your Most Recent Income Tax Return
- Recent Bank Statements
- Current Pay Stubs
- Canceled Checks

SECTION 5 - ASSETS - THINGS YOU HAVE AND OWN

9. A. How much cash do you, your spouse, and your dependents have in your possession? \$

B. List all financial accounts for you, your spouse, and your dependents. Examples of accounts you should list include: Checking, Online (e.g., PayPal), Savings, Certificate of Deposit (CD), Individual Retirement Accounts (IRAs), Money or Mutual Funds, Stocks, Bonds, Trust Funds, Prepaid Debit Cards, or any other accounts.

Type of Account	Name and Address of Institution	Name on Account	Balance or Value	Income Per Month (interest or dividends)	Account Number
			\$	\$	
			\$	\$	
			\$	\$	
			\$	\$	
			\$	\$	
TOTALS			\$	\$	

10. A. Do you, your spouse, or your dependents own more than one family vehicle, including a car, sport utility vehicle (SUV), truck, van, camper, motorcycle, boat, or any other vehicle?

Yes (list all of the vehicles below) No (go to 10.B)

Owner	Year, Make/Model	Present Value	Loan Balance (if any)	Main Purpose for Use
		\$	\$	
		\$	\$	
		\$	\$	
TOTALS \$				

B. Do you co-own any real estate with anyone other than your spouse or dependent family member?

Yes (list below) No (go to 10.C)

Owner	Description	Market Value	Loan Balance (if any)	Income Amount
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
TOTALS \$				

C. Do you, your spouse, or your dependents own or have an interest in any business, property, or valuables?

Yes (list below) No (go to 11)

Owner	Description	Market Value	Loan Balance (if any)	Income Amount
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
TOTALS \$				

D. Can you sell or liquidate any of the assets listed above?

Yes, explain No

SECTION 6 - MONTHLY HOUSEHOLD INCOME

Enter your, your spouse's, and your dependents' monthly take home pay. Enter the amount on line 12.A. If you need more space for answers, use the "REMARKS" section on page 7.

11. A. Are you employed? <input type="checkbox"/> Yes (provide information below) <input type="checkbox"/> No (go to 11.B)	
Employer(s) Name, Address, and Phone: (Write "self" if self-employed)	Monthly take home pay or earnings if self-employed: \$ _____
B. Is your spouse employed? <input type="checkbox"/> Yes (provide information below) <input type="checkbox"/> No (go to 11.C)	
Employer(s) Name, Address, and Phone: (Write "self" if self-employed)	Monthly take home pay or earnings if self-employed: \$ _____
C. Are any of your dependents employed, including self-employment? <input type="checkbox"/> Yes (provide information below) <input type="checkbox"/> No (go to 12)	
Name(s) of dependents: _____ _____ _____ _____ _____	
Provide total monthly take home pay for dependent(s): \$ _____	

12. Income (Be sure to show monthly amounts below)		Overpaid person's income	Spouse of Overpaid Person	Dependent(s) of Overpaid Person (Total)
A. Take Home Pay (Net) (from questions 11.A, 11.B, and 11.C)		\$	\$	\$
B. Social Security Benefits (retirement, disability, widows, students, etc.)		\$	\$	\$
C. Supplemental Security Income (SSI)		\$	\$	\$
D. Pension(s) (VA, Military, Civil Service, Railroad, etc.)	TYPE	\$	\$	\$
	TYPE	\$	\$	\$
E. Supplemental Nutrition Assistance Program (SNAP) Benefits		\$	\$	\$
F. Income from Real Estate, Business, etc. (from questions 10.B and 10.C)		\$	\$	\$
G. Room and/or Board Payments from a Person who is not a Dependent (from question 8.B). Put the amount in the overpaid person's column.		\$	\$	\$
H. Child Support/Alimony		\$	\$	\$
I. Support or contributions from any person, agency, or organization		\$	\$	\$
J. Income from Assets (from question 9.B)		\$	\$	\$
K. Other (from any source, explain in "REMARKS" on page 7)		\$	\$	\$
TOTALS:		\$	\$	\$
Grand Total \$				

Below is an authorization for the Social Security Administration to obtain your financial account information. We may need to access your financial records in order to determine if we can waive your overpayment.

IMPORTANT: If the overpaid individual is a minor child, a parent or legal guardian must complete and sign the form on the child's behalf. If a court has assigned a legal guardian to an adult individual, the legal guardian must complete and sign the form. Adults who do not have a court appointed legal guardian must complete and sign the form, even if they have a representative payee.

AUTHORIZATION FOR THE SOCIAL SECURITY ADMINISTRATION TO OBTAIN ACCOUNT RECORDS FROM A FINANCIAL INSTITUTION AND REQUEST FOR RECORDS

Please review the following, make selection, and sign below:

I understand:

- I have the right to revoke this authorization at any time before any records are disclosed;
- The Social Security Administration may request all records about me from any financial institution;
- Any information obtained will be kept confidential;
- I have the right to obtain a copy of the record which the financial institution keeps concerning the instances when it has disclosed records to a government authority unless the records were disclosed because of a court order;
- This authorization is not required as a condition of doing business with any financial institution.
- The Social Security Administration will request records to determine the ability to repay an overpayment in conjunction with a waiver determination;
- Failing to provide or revoking my authorization may result in the Social Security Administration determining, on that basis, that adjustment or recovery of the overpayment will not deprive me of funds to pay my bills for food, clothing, housing, medical care, or other necessary expenses;
- This authorization is in effect until the earliest of: 1) a final decision on whether adjustment or recovery of my overpayment would deprive me of funds to pay my bills for food, clothing, housing, medical care, or other necessary expenses; or 2) my revocation of this authorization in written notification to the Social Security Administration.

I authorize any custodian of records at any financial institution to disclose to the Social Security Administration any records about my financial business or that of the person named above whom I legally represent or whose benefits I manage.

I do not authorize any custodian of records at any financial institution to disclose to the Social Security Administration any records about my financial business or that of the person named above whom I legally represent or whose benefits I manage. I understand that if I do not give permission to obtain financial records or if I cancel my permission, SSA may not approve my waiver request.

Customer's Signature/Authorization	Mailing Address	Date
Legal Representative's Signature/Authorization	Legal Representative's Mailing Address	Date

PENALTY CLAUSE, CERTIFICATION, AND PRIVACY ACT STATEMENT

I declare under penalty of perjury that I have examined all the information on this form, and on any accompanying statements or forms, and it is true and correct to the best of my knowledge. I understand that anyone who knowingly gives a false statement about a material fact in this information, or causes someone else to do so, commits a crime and may be subject to a fine or imprisonment.

**SIGNATURE OF OVERPAID PERSON, REPRESENTATIVE PAYEE,
LEGAL GUARDIAN, or CUSTODIAL PARENT**

Signature (First name, middle initial, last name)		Date (MM/DD/YYYY)
Home Telephone Number (include area code)	Cell Phone Number	
Mailing Address (Number and street, Apt. No., PO Box, or Rural Route)		
City	State	ZIP Code

Witnesses are required ONLY if this statement has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the individual must sign below, giving their full addresses.

1. Signature of Witness	2. Signature of Witness
Address (Number and street, City, State, and ZIP Code)	Address (Number and street, City, State, and ZIP Code)

**Privacy Act Statement
Collection and Use of Personal Information**

Sections 204 and 1631 of the Social Security Act, as amended, allow us to collect your information or the information you are submitting on behalf of another, which we will use to make a waiver determination on an overpayment and to obtain authorization for financial account information. Providing this information is voluntary, but not providing all or part of the information may prevent us from assisting you with the request. As law permits, we may use and share the information you submit, including with other Federal agencies, employers, third party contacts, and others as outlined in the routine uses within System of Records Notices (SORN) 60-0094, 60-0103, and 60-0320, available at www.ssa.gov/privacy. The information you submit may also be used in computer matching programs to establish or verify eligibility for Federal benefit programs and to recoup debts under these programs.

Paperwork Reduction Act Statement - This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the [Paperwork Reduction Act of 1995](#). You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 60 minutes to read the instructions, gather the facts, and answer the questions. **SEND OR BRING THE COMPLETED FORM TO YOUR LOCAL SOCIAL SECURITY OFFICE. You can find your local Social Security office through SSA's website at www.socialsecurity.gov. Offices are also listed under U. S. Government agencies in your telephone directory or you may call Social Security at 1-800-772-1213 (TTY 1-800-325-0778).** You may send comments regarding this burden estimate or any other aspect of this collection, including suggestions for reducing this burden to: SSA, 6401 Security Blvd, Baltimore, MD 21235-6401. **Send only comments relating to our time estimate or other aspects of this collection to this address, not the completed form.**

Chairman FERGUSON. Even when a beneficiary follows the rules, the SSA services outages, errors, and processing delays can result in the need to contact SSA multiple times. Improper payments, many of which—many of which occur by no fault of those who have been improperly paid, do, in fact, place a heavy burden on the recipients. And that is why we have got to do more to help prevent this before they happen.

And it is no mystery what is causing these improper payments. As each of today's witnesses can tell you, a major driver of overpayments is SSA's continued reliance on manual processes to report earnings in a timely manner.

This is why Congress gave the Social Security Administration new authority to enter into information exchanges with payroll data providers to reduce SSA's dependence on beneficiaries self-reporting their earnings and to prevent improper payments. This was done 8 years ago, 8 years ago. SSA still has not put this authority into use, and one of the things that we are going to want to find out today is why that is.

Earlier this year, I wrote a letter to the SSA, along with the Ways and Means chairman, Jason Smith, and Work and Welfare Chairman Darin LaHood, to ask why SSA had taken so long to use this important tool and to press SSA and to put that production—to put it into production as soon as possible. And I—again, I intend to follow up with questions today to that effect.

I also look forward to hearing from the Government Accountability Office and the SSA Office Inspector General, both of which have dedicated significant time to analyzing SSA's payment accuracy and recommending improvements. And, while I understand that the SSA has made progress on some of them, there is a lot more that could be done.

I want to thank our witnesses for being here today. Again, my apologies for starting this late.

With that, I yield to my good friend and ranking member, Mr. Larson.

Mr. LARSON. Thank you, Mr. Chairman.

And I especially want to thank our witnesses for being here as well.

Commissioner, I want to thank you especially for visiting our districts, et cetera, and the care and concern that I know you have as leader of this great institution.

Let me say that I share some of the concerns that have been put forward by the chairman, but I want to put it in perspective.

Let's start with this year's budget which is flat funded, and then add on top of that the proposal by our colleagues to cut that by 30 percent. When there are 10,000 baby boomers a day who become eligible for Social Security, when there is close to 70 million Americans who receive Social Security payments, this is not the time to be cutting.

The thing that I hear most in my district from individuals when I call and go home is that they can't get in touch with a human being or a voice on the other side that can answer a question for them. And the reason they can't is because the agency has been cut and understaffed, something that people in Congress seem to be oblivious to.

When we add that to the fact that Congress, whose responsibility it is to fund Social Security, hasn't enhanced the program in 52 years—52 years—has anything happened with inflation or in the economy in 52 years that would require the United States Congress to actually look at the benefits that people receive and adjust them? Nobody gets wealthy on Social Security. On average, \$18,000 per male, \$14,000 per female, and, in the United States of America, with our vast budget, 5 million of our fellow Americans get below-poverty-level checks.

Is there any conversation about adjusting them? No. And they need to be brought up so that they are able to survive and subsist, because more than 40 percent of all Social Security recipients, the only thing they have to rely on is Social Security.

Morality demands that this committee and the Congress act especially in these times, in this time, in the aftermath, and the aftermath of the epidemic that took over this country, and globally, people are still recovering from that. And who was hurt by that the most? People over the age of 65. And, in a time of global inflation, who is the group that is hit hardest by that? People on fixed income. Those are people on Social Security.

And so here we have our fellow Americans that are in the greatest need, and Congress, it is great that we are looking, and we hope to get answers in terms of making Social Security and every governmental agency more efficient, but we could start by having them, with the appropriate personnel, to make sure they are answering the questions.

And even more startling and beyond that is we could actually give our fellow citizens and constituents—I have a card for everybody on this committee and everybody in Congress that details in your district how many recipients you have, what they receive, how much money comes into your district on a monthly basis for Social Security recipients.

Why Republicans are not embracing a—23 million Americans receiving a tax cut and raising 5 million people out of poverty and then that money going right back into their communities that they represent. If you can point to me any better economic development plan in the country, I would be glad to take a look at it, but there isn't. And this goes to the people that need it the most. And where do they spend that money? Right back in their community.

And until we address and face up to these glaring inequities, this may be great conversation, but it is not going to fix what is wrong with Social Security. What is wrong with Social Security is Congress inaction, not doing anything.

Thirty years ago—excuse me—40 years ago, in 1983, they took a look at solvency and said, well, you know what we are going to do? We are going to raise the age. What they found out in the process is that for every year you raise the age, it is a 7 percent cut in benefits. And my friends and colleagues on the other side are proposing raising the age to 70, which would be a 21 percent across-the-board cut, going along with the inaction by Congress that in 2033 would mean a 20 percent cut. That is a 43 percent cut to people on average who are getting \$18,000 a year if you are a male, \$14,000. It is long overdue for Congress to step up and take action.

Sorry I ran over, Mr. Chairman.

Chairman FERGUSON. Thank you, Mr. Larson.

Next, I have the pleasure of formally introducing our witnesses, Dr. Kilolo Kijakazi—I am going to say this wrong—Kija—

Ms. KIYAKAZI. Kijakazi.

Chairman FERGUSON. Thank you for coming to my district. You said it then, and I still had trouble getting it out. But, Doctor, thank you for being here today, and thank you for being the acting commissioner of the Social Security Administration. Again, I want to thank you for coming to my district, having a very good conversation there and look forward to the discussion today.

Ms. Tonya Eickman, Program Audit Division for the Director of Social Security Administration's Office of Inspector General, welcome.

And lastly, Ms. Elizabeth Curda, director of Education, Workforce, and Income Security of the U.S. Government Accountability Office.

Thank you all for joining us today.

Again, your written statements will be made part of the record, and you will each have 5 minutes to deliver your remarks.

Doctor, you may begin.

**STATEMENT OF DR. KILOLO KIYAKAZI, PH.D., ACTING
COMMISSIONER, SOCIAL SECURITY ADMINISTRATION**

Ms. KIYAKAZI. Thank you for inviting us, SSA, to participate in this hearing. I am Kilolo Kijakazi, acting commissioner of the Social Security Administration, or SSA.

I have not testified or provided interviews for the media during my tenure because I have been laser-focused on the work of successfully resuming walk-in traffic in our local offices after the pandemic. We had lines in less than 5 percent of our 1,230 offices, even at the peak of demand.

I also focused on the crisis that SSA faced after years of inadequate funding that led to the agency's lowest level of staffing in 25 years, and I focused on conducting a hiring surge with the increase in funds we received in fiscal year 2023. This resulted in the onboarding of 7,800 new employees for a net gain of 3,200 employees. And this brought our total number of employees up to nearly 60,000 by the end of the fiscal year 2023.

Both the pandemic and the staffing shortage contributed to the subject of this hearing: overpayments. Therefore, I wanted to be here to address this issue.

During the balance of my time, I will address three points. First, SSA's employees work assiduously to pay the right person the right amount at the right time. And, as a result, we have achieved low overpayment rates. Next, I will walk through the overpayment process. And lastly, I will discuss SSA's commitment to continuous improvement.

SSA pays approximately \$1.4 trillion in benefits to more than 71 million people each year. Our overpayment rates are low, about one half of 1 percent for Social Security and about 8 percent for Supplemental Security Income, or SSI.

Overpayments can occur, given the large number of people we serve, the frequent changes in their circumstances, and the statutory complexity of the programs. And our staffing shortages abso-

lutely contribute to overpayments. Last year, we had the lowest level of staffing in 25 years. At the same time, we had the highest number of beneficiaries ever.

If we could show the chart on the monitors or here. Yes.

The blue line represents the precipitous decline in staffing over the last several years. And the red line shows the increase in beneficiaries as baby boomers retire or become disabled.

SSA cannot continue to do more with less. To achieve the high-quality service that our beneficiaries deserve, we need sufficient, sustained funding from Congress. We have not had that for the better part of the last decade.

The current continuing resolution through November 17 returned us to a full freeze on our hiring and our overtime until we have our annual fiscal year 2024 funding.

Next, I will discuss the overpayment process. If we determine that a beneficiary has been paid more than they should have received, we are required by law to seek recovery of the overpayment amounts. First, we issue a notice to the beneficiary to explain that they were overpaid, the reason for the overpayment, and the amount. The notice generally requests a full and immediate refund and describes a proposed rate of benefit withholding. However, the notice to SSI beneficiaries indicates that they can repay the amount that they can afford monthly. The notice also explains the right to request an appeal, a waiver, or a different rate of withholding.

I understand that receiving an overpayment notice can be distressing for beneficiaries. We seek to balance compassion with our statutory obligation to—and to seek recovery and carefully review Social Security trust funds.

I am running over. So I am—I will answer questions. But in closing, I want to share that I have been concerned by the widespread misunderstanding of the overpayments process and how this misunderstanding has influenced the public discourse. It is critical that, in the public's trust, we be factual when discussing challenges facing SSA.

I appreciate your support for our agency's important work, serving your constituents. And I look forward to answering your questions.

[The statement of Ms. Kijakazi follows:]



**COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY
UNITED STATES HOUSE OF REPRESENTATIVES**

**OCTOBER 18, 2023
STATEMENT FOR THE RECORD**

**Kilolo Kijakazi,
ACTING COMMISSIONER
SOCIAL SECURITY ADMINISTRATION**

Committee Chair Ferguson, Ranking Member Larson, and Members of the Subcommittee:

Thank you for inviting me today to discuss a very important issue. Chair Ferguson, Ranking Member Neal, and Representative Larson, it is good to see you again. I was pleased to visit each of you in our field offices in your districts.

For those who I have not previously met, I am Kilolo Kijakazi, and I am honored to represent the thousands of skilled and dedicated employees of the Social Security Administration (SSA). For more than 30 years, I have researched and pursued ways in which government and the private sector can help support the American public. No institution personifies that goal more than SSA.

Today, I will describe the overpayment process, factors contributing to the occurrence of overpayments, what we are doing to make improvements, and how we work with the public when they are overpaid. SSA is continually improving how it serves the millions of people who depend on our programs. We are working to prevent improper payments from occurring, correcting underpayments, and making it easier to navigate the overpayment debt recovery and waiver processes.

Background

SSA programs and services are vital to the public, and the scope of our work is enormous. For more than 85 years, Social Security has provided income security for retirees, individuals with disabilities, and families that lose a wage-earner. Almost 90 percent of workers over the age of 65 receive Social Security benefits.

In Fiscal Year (FY) 2023, we project that we:

- Served almost 30 million visitors in our field offices;
- Answered about 30 million phone calls to our National 800 Number;
- Processed over 400 million online transactions;
- Posted about 299 million earnings items to workers' records;
- Processed over 18 million original and replacement Social Security card applications;
- Completed almost 6.7 million claims for retirement benefits; and
- Completed 2.5 million non-medical redeterminations of eligibility and 550,000 full medical continuing disability reviews, safeguarding the integrity of our benefit programs.

As we perform these many tasks, we also take seriously our responsibility to ensure eligible individuals receive only the benefits to which they are entitled, and to safeguard the integrity of benefit programs to better serve our customers. Our employees work hard to pay the right person the right amount at the right time. Ensuring program stewardship is one of our three agency strategic goals.

To that end, SSA pays approximately \$1.4 trillion in benefits to more than 71 million people each year. Our payment accuracy rates are high; however, overpayments can occur given the number of people we serve, the frequent changes in their circumstances, and the statutory complexity of the programs. Regarding the Social Security program itself, which includes payment to retirees, surviving spouses, and disabled workers, only one half of one percent of paid amounts are overpayments – an extremely low percentage.

For the SSI program, overpayments also represent a small percentage of payments—about 8 percent—and the higher overpayment rate is due primarily to the statutory complexity of the program itself, which requires frequent payment adjustments that may be triggered by events—such as increased earnings—after the payment is made.

I want to emphasize that the SSI program is intended to provide income to support basic needs to some of the most vulnerable members of society. Its very design provides flexibility – payment rates can be changed rapidly if a given recipient’s situation turns for the worse or improves. However, this responsiveness can increase the likelihood of improper payments. Because payments and eligibility depend on each individual’s changing circumstances, recipients must report to SSA in real time to ensure they receive the correct amounts. The SSI program is challenging to administer and more susceptible to incorrect payment amounts.

Overpayment Debt Establishment and Recovery - Background

We have an important stewardship responsibility to our recipients and to taxpayers. While we strive to prevent improper payments before they happen, we also work to ensure we clearly notify recipients of debts and provide options for people to question or appeal an overpayment. We can also help those who want to establish repayment plans, or who seek waiver of the debt.

Under federal law, SSA must pay beneficiaries only the amounts authorized by law *and* must seek recovery of overpaid amounts,¹ unless circumstances warrant waiver of such overpayment. There are no statutory time limits on recovering overpayments, and Federal law requires that SSA use specific recovery methods, including mandatory adjustment from benefits owed to the

¹ See 42 U.S.C. § 404(a)(1) (“Whenever the Commissioner of Social Security finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made. . . .”); 42 U.S.C. § 1383(b)(1)(A); 31 U.S.C. § 3711(a)(1) (“The head of an executive, judicial, or legislative agency shall try to collect a claim of the United States Government for money or property arising out of the activities of, or referred to, the agency”); 31 C.F.R. § 901.1(a) (“Federal agencies shall aggressively collect all debts arising out of activities of, or referred or transferred for collection services to, that agency.”).

individual.² Additional collection tools are authorized for certain overpayment debts.³ SSA is required by law to notify individuals before we use certain collection tools.⁴

We quickly notify people once we establish an overpayment by mailing a notification with information about the debt and options. The notice explains that the person was overpaid, a general reason for the overpayment, and the amount (including a monthly breakout of the overpayment). The notice generally requests full and immediate refund and describes the proposed rate of withholding. For example, SSI withholdings are limited to 10 percent of the benefit, given the economic vulnerability of these beneficiaries. In addition, the notice explains the person's appeal rights, as well their right to request a waiver or a different rate of withholding. The notice also tells the overpaid person that we will not take any action to recover the overpayment until 60 days after the date of the overpayment notice. There is no time limit for requesting a waiver.

SSA strives for continuous improvement, and we are taking action to improve the overpayment and recovery process. We are updating our processes and procedures, and working with people if they seek to appeal or to explore potential repayment options or waivers, when allowed by law.

New Customer-focused Review of Overpayment Procedures and Policies

Our payment accuracy rates remain high. My goal is to ensure we pay the correct amounts and make it easier for people to understand their options when overpayments do occur. We have heard from our customers, stakeholders, and our own employees how difficult it can be to understand and navigate an overpayment debt.

As we continue our effort to improve our customers' experience and work to better support our employees, I am designating one of my senior executives to lead a team to review improvements we can make. This employee will work out of the Office of the Commissioner and report directly to me. I am confident that this individual's strong operational and programmatic background will drive timely, pragmatic, and thoughtful recommendations.

The review process will involve a holistic assessment of how our administrative procedures influence our overpayment process. It will involve the collection of information including input across all levels of the organization, especially front-line employees, to understand in greater

² See 42 U.S.C. § 404(a)(1)(A) ("With respect to payment to a person of more than the correct amount, the Commissioner of Social Security shall decrease any payment under this title to which such overpaid person is entitled..." See also 42 U.S.C. § 1383(b)(1)(A).

³ See 42 U.S.C. § 404(f) ("With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31 and in section 5514 of title 5, all as in effect immediately after April 26, 1996.") See also 42 U.S.C. § 1383(b)(5)(A).

⁴ See, e.g., 31 U.S.C. §§ 3716(a)(1) and 3720A(b).

depth the administrative factors that contribute to overpayments. It will also consider how people experience our interactions with them during the overpayment recovery process. We will examine our policies and procedures—including our regulations—to determine where administrative updates to the overpayment recovery and waiver process may reduce the complexity and burden for the people we serve. This is our first week of the review, so we are still developing the scope.

In-Process Improvement Efforts

Overpayments—given their complexity, effect on the public, and impact on program integrity—have been on our radar and process improvements are already underway. Some of these improvements are targeted at making it easier for beneficiaries to navigate the recovery and waiver processes, while others work to prevent overpayments from occurring in the first place.

- *Simplified Waiver Request Form*

For instance, we released a streamlined overpayment waiver request form that is easier to understand and less burdensome for people to use. This was an extremely important step forward, as internal agency reviews and external auditors pointed to the prior waiver form (SSA-632) as an obstacle to waiving overpayments. We used focus groups to increase our understanding of our customers' experience with the prior waiver form. Many people found the waiver process to be overwhelming, and the form itself to be long and complex. The streamlined waiver request form simplifies language and explains where less documentation is required for SSA to waive collection. We are pleased to have rolled out the new form last month to help our beneficiaries who are facing overpayments.

- *Payroll Information Exchange*

A vital tool in overpayment reduction is the Payroll Information Exchange (PIE), authorized under the Social Security Act. Once fully implemented, the PIE process will work to prevent overpayments on the front end – before they even occur. Under the traditional process of SSI and disability insurance administration, the burden of reporting wages falls on the recipient. PIE will allow SSA to electronically access wage and employment data from a payroll data provider (PDP) for individuals who authorize us to obtain it. Because the electronic wage data can be obtained faster, and with less effort, than recipient reporting, we also will be able to make needed adjustments to payments before those payments have been issued, and our recipients will have reduced individual reporting.

In January 2021, we published a Federal Register Notice (FRN) to notify the public about our planned information exchange. Since the publication of the FRN, we have continued to refine the processes that will allow us to integrate PIE payroll data into our systems, and, in

some cases, automatically adjust recipients' monthly benefits. We have worked with a PDP to perform appropriate testing of the data exchange and to refine the data they provide us.

While it has taken longer than we intended to develop, we needed to make sure the PIE process truly worked – that we were getting it right. We recently completed an accuracy study, comparing PDP data to paystub information we received directly from beneficiaries. While completing the study took time, I am pleased to say that it confirmed the payroll data we receive through PIE is highly accurate and exceeds self-reporting accuracy rates. We also want to ensure we are considering policies and procedures to provide due process protections.

The next step is to publish regulations. SSA's Notice of Proposed Rulemaking (NPRM) will provide policy and procedures regarding the authorization form, the exchange, and beneficiaries' reduced reporting responsibilities. We recently submitted a draft NPRM for formal inter-agency review. The NPRM will inform both the final rule and our plans, including the timeline, for implementation. PIE will improve payment accuracy and reduce reporting burdens, and we look forward to implementing it as quickly as feasible.

- *Administrative Overpayment Waiver Reform*

We intend to publish a proposed rule changing our overpayment recovery waiver rules to streamline processes and reduce burden, so eligible individuals can more easily seek debt relief. Our goal is to ensure that overpayment recovery does not unduly burden those in underserved, vulnerable, or marginalized communities.

- *Notice Simplification*

We recognize how critical it is for the public to understand the information we share, including the improper payment notices they receive from us. Our Office of Communications received an A+ for organizational compliance and an A for writing quality from the Center for Plain Language. I have asked this office to assist in making our overpayment notices more user-friendly and easier to understand.

The Role of Resources in Overpayment Recovery

Our budget directly drives the level of service we can deliver, including systems improvements and staffing to stay current with our workloads. Our dedicated employees are doing their part to restore and improve service while working within our current funding levels. Each day, our employees serve field office visitors, answer questions, take claims on the phone, hold hearings, pay benefits, and complete countless other workloads. Building the capacity to meet the public's expectations for timely customer service requires sustained and sufficient funding and staffing levels.

Many of our systems are old and we have had to retrofit them as our programs evolves. This includes both our benefit and program payment systems and our notice systems. Modernization requires sustained funding and complex updates. We have made some strides over time, including through debt management modernization, although work remains.

In FY 2023, we began to rebuild our workforce after ending FY 2022 with the lowest staffing level in 25 years. We must have sufficient staff to keep up with workloads, including to ensure timely processing if a beneficiary timely reports a return to work or a change in living arrangement so we can adjust to the correct payment amount.

Conclusion

In closing, I again want to thank you for the invitation to discuss steps we are taking to improve our overpayment-related policies and procedures to better serve our customers and improve program stewardship. Complex workloads like this one are ripe for improvement, especially as we focus on the experience of the people who count on all of us to prevent overpayments from happening and making it easier to navigate the recovery and waiver processes when they occur. I look forward to hearing the results of our review and identifying what more we can do.

Thank you for the opportunity to testify today, and I look forward to your questions.

Chairman FERGUSON. Thank you, Dr. Kijakazi. Thank you. We appreciate that.

Ms. Eickman, you are—it is now your time.

STATEMENT OF MS. TONYA EICKMAN, PROGRAM AUDIT DIVISION DIRECTOR, SOCIAL SECURITY ADMINISTRATION OFFICE OF THE INSPECTOR GENERAL

Ms. EICKMAN. Chairman Ferguson, Ranking Member Larson, and members of the Subcommittee on Social Security, I commend you for holding this important hearing today on Social Security Administration improper payments.

Improper payments can have a devastating effect on beneficiaries, particularly when the improper payment is the result of an agency error. Simply put, an overpayment occurs when SSA states an individual received more Social Security or SSI benefits than they were supposed to receive.

Many overpayments can accumulate over several years until SSA realizes payments to the beneficiaries have been inaccurate. In some instances, individuals are sent bills stating they owe thousands of dollars they cannot afford.

The other side of this improper payments coin can be just as harmful to beneficiaries. When an agency error results in underpayments, beneficiaries are not receiving their full monthly benefits, sometimes for months or even years.

Improper payments can occur for many reasons, including when SSA does not obtain necessary information from beneficiaries or fails to act on that information once received. Improper payments also occur when SSA makes mistakes in computing payments due to the complexity of calculations and reliance on manual processes.

Since fiscal year 2002, SSA's Office of the Inspector General has identified improper payments as a major management challenge. SSA's OIG is committed to identifying ways for SSA to prevent improper payments to the millions of beneficiaries who rely on the agency to send them their correct monthly benefit amount.

One of the most common reasons for improper payments is related to SSA's reliance on beneficiaries to report any change in circumstances that may affect their benefits. Wages and income, resources, and living arrangements are a few of the factors that affect OASDI and/or SSI eligibility and payment amounts.

Improper payments also occur when SSA does not act timely once it receives information from the individual. In one audit, OIG estimated SSA incorrectly paid over \$40 million because it did not timely process work reviews for beneficiaries who had reported their earnings.

SSA employees must take manual actions to make calculations or establish records when systems cannot fully process them. Some of the calculations that must be completed manually are based on complex provisions written into Federal statutes. Employees have tools to assist with the calculations, and there are alerts to prompt manual actions for some workloads, but OIG audits have found that controls around these manual processes are not always effective.

Once SSA makes overpayments, it must provide due process to the overpaid individuals. SSA notifies them of information, such as

the amount of the overpayment, how and when the overpayment occurred, and options to request reconsideration or waiver.

After SSA notifies the overpaid individuals, it has numerous options for recovering overpayment. The preferred method is to withhold benefits if the overpaid individual is receiving a monthly payment. Otherwise, SSA has other options as discussed in my written testimony.

SSA OIG's work demonstrates a commitment to assisting SSA in addressing its improper payments challenge. In the last 5 years, the OIG issued 101 reports with 299 recommendations related to improper payments. These reports identified over \$7 billion in questioned costs. Of these, 76 recommendations aimed at addressing \$1.8 billion in questioned costs remain unimplemented.

OIG acknowledges SSA has taken some steps to improve prevention, detection, and recovery of overpayments. However, there is much more SSA can do. Specifically, SSA needs to identify and prevent improper payments through automation and data analytics, expand efforts to collect data from reliable third-party sources, and address the root causes of improper payments to prevent their occurrence.

Improper payments are a major challenge for SSA. Without better access to data, increased automation, systems modernization, and policy or legislative changes, it will continue to be an issue into the future.

Thank you for inviting the Office of the Inspector General to discuss issues concerning improper payments at SSA. I would be pleased to address any questions.

[The statement of Ms. Eickman follows:]

**Testimony by
Tonya Eickman
Program Audit Division Director, Office of Audit
Office of the Inspector General, Social Security Administration
to the United States House of Representatives
Committee on Ways and Means, Subcommittee on Social Security
in the Hearing entitled
“Protecting Beneficiaries from the Harm of Improper Payments”
on October 18, 2023**

Chairman Ferguson, Ranking Member Larson, and members of the Subcommittee on Social Security, I commend you for holding this important hearing today on Social Security Administration (SSA) improper payments.

The public expects SSA to be accurate in their benefit payments. While perfection is nearly impossible to achieve, improper payments can have a devastating effect on beneficiaries, particularly when the improper payment is the result of an agency error.

Simply put, an overpayment occurs when SSA states an individual received more social security or SSI benefits than they were supposed to receive. In some instances, individuals are sent bills stating they owe thousands of dollars they cannot afford. Many overpayments can accumulate over several years until SSA realizes payments to the beneficiary have been inaccurate. To reclaim overpayments, SSA typically reduces an individual's monthly benefit to the correct amount and then reduces it even further, making it even more difficult for some individuals to survive, especially when they are on a fixed income. One individual recently stated in the media: "It's not right that myself and a significant amount of other citizens are now being demanded to pay back what the SSA admits they made in error."

The other side of this improper payments coin can be just as harmful to beneficiaries. When an agency error results in underpayments, beneficiaries are not receiving their full monthly benefits, sometimes for months or even years. In these cases, when SSA discovers the underpayment, SSA should ultimately make the individual whole and adjust the benefits accordingly. However, during the period they are being underpaid, the beneficiary is deprived of their full payment, which in many cases, can cause economic hardship to those on a limited income. Because of their devastating impact, it is critical for SSA to improve its processes, procedures, and controls to reduce the amount of improper payments.

Reasons for Improper Payments

Improper payments can occur for many reasons, including when SSA does not obtain necessary information from beneficiaries or fails to act on that information once

received. Improper payments also occur when SSA makes mistakes in computing payments due to the complexity of calculations and reliance on manual processes.

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI)¹ and Supplemental Security Income (SSI)² program. SSA issues over \$1 trillion in OASDI benefits and SSI payments to more than 70 million people annually. Therefore, even the slightest error in the overall payment process can result in billions of dollars in improper payments. According to SSA's most recent reports, it estimates it made approximately \$13.6 billion in improper payments in FY 2022: \$11.1 billion in overpayments and \$2.5 billion in underpayments.

Since Fiscal Year 2002, SSA's Office of the Inspector General (OIG) has identified improper payments as a major management challenge. SSA's OIG is committed to identifying ways for SSA to prevent improper payments to the millions of beneficiaries who rely on the Agency to send them their correct monthly benefit amount.

Self-Reporting

One of the most common reasons for improper payments is related to SSA's reliance on beneficiaries to report any change in circumstances that may affect their benefits. Wages and income, resources, and living arrangements are a few of the factors that affect OASDI and/or SSI eligibility and payment amounts.

SSA explicitly informs individuals of their reporting requirements during the application process, in their award letters, and in periodic correspondence. However, beneficiaries do not always comply with or understand their responsibility to report this information. In a [January 2017 audit](#)³ of beneficiaries with multiple earnings-related overpayments, the OIG found over half were repeatedly overpaid because of their failure to comply with SSA's requirement to report earnings.

Improper payments also occur when SSA does not act timely once it receives information from the individual. In a [May 2018 audit](#),⁴ OIG estimated SSA incorrectly paid over \$40 million because it did not timely process work reviews for beneficiaries who had reported their earnings. Delays like this occurred because SSA's process for monitoring this workload did not provide automated alerts to management or employees. Rather, managers had to track pending cases manually by generating reports daily, weekly, and monthly to ensure they monitored the workload and sent cases to employees for action and follow-up.

¹ Old-Age, Survivors and Disability Insurance (OASDI) program which provides benefits to replace some of the earnings lost because a worker retires, becomes disabled, or dies.

² Supplemental Security Income (SSI) program to provide income for aged, blind, or disabled individuals with limited income and resources.

³ Individuals Who Have Multiple Overpayments Caused by Failure to Report Earnings (A-07-16-50081)

⁴ Incorrect Payments to Disabled Beneficiaries Who Return to Work (A-07-17-50131)

SSA agreed with the OIG recommendation to determine the feasibility of developing automated alerts to ensure timely case assignments and follow-up on aged cases; but, this recommendation remains unimplemented.

Manual Processes

SSA employees also must take manual actions to make calculations or establish records when systems cannot fully process them. Some of the calculations that must be completed manually are based on complex provisions written into Federal statutes. Employees have tools to assist with the calculations, and there are alerts to prompt manual actions for some workloads, but OIG audits have found the controls around these manual processes are not always effective.

In a [May 2022 audit](#)⁵ of overpayments caused by incorrect benefit computations, the OIG found SSA could have avoided half of the overpayments—or about 73,000 overpayments totaling more than \$368 million—if it had effective controls over benefit-computation accuracy. In this audit, employees entered the incorrect information into SSA's systems or incorrectly calculated benefits.

For example, an employee may have transposed two numbers, which changed the benefit due. Benefits were also incorrectly computed when employees or SSA systems calculated benefits based on inaccurate information, for instance, an incorrect birth date. SSA had, as of the date of OIG's report, two projects to modernize information technology and increase automation that it said would minimize manual processing; but, SSA did not have planned implementation dates.

Unavoidable Overpayments

Some overpayments are unavoidable. SSA considers some overpayments unavoidable and not improper payments because statutes, regulations, or court orders require the Agency to make these payments. For example, if an individual appeals a cessation determination following a medical review, the individual can elect statutory benefit continuation. This provision allows beneficiaries to continue receiving benefits and Medicare coverage at the reconsideration or administrative law judge hearing level. If SSA upholds its cessation decision on appeal, any benefit payments made during the appeals process are considered overpayments.

Actions on Overpayments

Once SSA makes overpayments, it must provide due process to the overpaid individuals to notify them of information such as the amount of the overpayment, how and when the overpayment occurred, and options to request reconsideration or waiver.

⁵ Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments (A-07-18-50674)

However, in a [March 2019 audit](#),⁶ the OIG found SSA did not always appropriately apply due process provisions and projected SSA incorrectly recovered approximately \$345 million for about 190,000 overpayments established over a two year period. This occurred because SSA either did not send notices or sent notices with incomplete or inaccurate information, due to both employee and system errors. In some instances, employees did not put the adequate code into the system to generate the appropriate notice or complete an accurate notice manually. In other cases, the OIG found the automated system did not generate complete notices.

After SSA notifies the overpaid individuals, it has numerous options for recovering overpayments. The preferred method is to withhold benefits if the overpaid individual is receiving a monthly payment. Otherwise, SSA can directly bill the overpaid individual, negotiate a repayment plan, withhold other Federal payments, garnish wages, or refer the overpaid individual to credit bureaus in an effort to encourage repayment.

While the overpaid individual is primarily responsible, when SSA cannot collect from the overpaid individual, in some instances, SSA policy requires it to attempt collection from other individuals liable for repaying the overpayment. Such individuals could include spouses or children receiving benefits on the same OASDI earnings record or as members of an eligible couple for SSI. Despite these efforts, SSA continues to face challenges in recovering overpayments. The OIG has audits in process and planned that will address the challenges SSA faces.

SSA can waive recovery of an overpayment if the person is without fault, and recovery would either defeat the purpose of the *Social Security Act* or "be against equity and good conscience."⁷ However, there may be inconsistencies in how SSA employees apply these policies. In a [July 2015 audit](#),⁸ the OIG found some field offices approved 96 percent or more of the OASDI overpayment waiver requests they received, while another group of offices waived 30 percent or less. We found similar trends for SSI overpayment waivers.

Further, when an overpayment occurs, SSA must expend additional resources to attempt recovery. For Fiscal Year 2022, SSA reported an administrative cost of \$.06 for every dollar collected.

Steps to Improve Prevention, Detection, and Recovery of Overpayments

SSA OIG's work demonstrates a commitment to assisting SSA in addressing its improper payments challenge. In the last five years, the OIG issued 101 reports with 299 recommendations related to improper payments that identified over \$7 billion in

⁶ The Social Security Administration's Application of Due-process Provisions for Old-Age, Survivors and Disability Insurance Overpayments (A-07-18-50622)

⁷ Social Security Act § 204(b); 42 U.S.C. § 404(b); see 20 C.F.R. § 404.506(a); see also SSA, POMS, GN 02250.001 (October 4, 2005)

⁸ Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013 (A-07-15-35031)

questioned costs. Of these, 76 recommendations aimed at addressing \$1.8 billion in questioned costs remain unimplemented.

In Fiscal Year 2022, according to SSA, it recovered over \$4 billion in overpayments. Still, at the end of the Fiscal Year, SSA had approximately \$21 billion in gross accounts receivable, which consists primarily of overpayments owed to SSA by beneficiaries to whom it paid excess benefits. Approximately \$13 billion in gross accounts receivable is from the SSI program, while almost \$9 billion is from the OASDI program.

SSA does not expect to collect over \$12 billion of that balance based on either the age of the debt or the likelihood of collectability based on a 5-year average.⁹ In addition, a system limitation prevented SSA from tracking debt scheduled for collection beyond Calendar Year 2049. OIG audit work identified almost 101,000 overpayments that, at the end of Fiscal Year 2019, were not being fully tracked. The original balance of these overpayments was approximately \$4.2 billion, of which the system was not tracking over \$1.2 billion (30 percent) because SSA will not recover that amount by 2049.

The OIG acknowledges SSA has taken some steps to improve prevention, detection, and recovery of overpayments. In Fiscal Year 2019, SSA established an Improper Payment Prevention Team, implemented options to allow individuals to repay overpayments online, and is conducting more data matches with external entities to obtain income and resource information.

However, there is much more SSA can do. Specifically, SSA needs to identify and prevent improper payments through automation and data analytics, expand efforts to collect data from reliable third-party sources and address the root causes of improper payments to prevent their occurrence.

Automation

In a [July 2023 report](#),¹⁰ the OIG noted SSA's automation enhancements reduced the need for manual processing for some workloads from Fiscal Years 2019 to 2021. SSA began using robotic process automation, which involves the use of software to automate high-volume, labor-intensive, or repeatable tasks. This allows employees to focus their efforts on more complex actions. These "bots" can lead to cost and time savings by preventing human error and reducing the time employees require to make manual inputs and correct mistakes.

However, there was no requirement for SSA employees to use the bots. Therefore, the OIG recommended SSA instruct employees to use bots whenever possible and determine whether bots could assist with additional workloads.

⁹ SSA considers all debts delinquent more than two years to be uncollectible, though the debt can still be collected if the debtor becomes entitled to benefits.

¹⁰ Manual Processes for Resource-intensive Workloads.

Also, in the July 2023 report, the OIG identified 19 audits issued between Fiscal Years 2016 and 2020 that identified significant improper payments. SSA planned to address the OIG's recommendations in these audits with information technology modernization projects. SSA had fully implemented the recommendations from only two of these audits, with actions to address the remaining recommendations still in progress.

Seven of the 17 unimplemented recommendations related to the establishment of a new Debt Management Product (DMP) that SSA expects will enable it to record, track, collect, and report overpayments more efficiently. However, SSA has been working on the DMP since at least July 2016, and SSA is currently targeting implementation in FY 2025. The OIG has an audit planned to review the Agency's development of DMP.

Third Party Data

SSA should continue to expand efforts to collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when beneficiaries self-report information. For example, SSA could better utilize the Access to Financial Institutions (AFI) program. AFI verifies alleged bank account balances with financial institutions and searches for undisclosed accounts at geographically relevant locations based on the individual's address. SSA uses AFI when it processes initial SSI applications and periodic eligibility redeterminations.

As noted in a [May 2023 audit](#)¹¹ on SSA's compliance with the *Payment Integrity Information Act of 2019*, financial accounts—such as checking, savings, and credit union accounts—are a leading cause of overpayments in the SSI program. To address overpayments related to financial accounts, SSA implemented the AFI program in June 2011. Between Fiscal Years 2011 and 2021, overpayments related to financial accounts ranged from \$870 million to approximately \$1.9 billion annually. However, several of the OIG audits determined SSA could have realized additional savings had it used AFI more often. For example, in FY 2021, the OIG estimated SSA could have prevented approximately \$1.4 billion in overpayments due to financial accounts had it performed AFI searches between the initial application and redetermination. In May 2023, the OIG recommended SSA conduct a study to expand AFI searches between the initial application and subsequent eligibility redeterminations.

Bipartisan Budget Act of 2015

The *Bipartisan Budget Act of 2015* provided SSA new legal authority to enter into data exchange agreements with payroll providers to access real-time payroll data. This information could allow SSA to adjust earnings and payment records more expeditiously to minimize and prevent improper payments. In Fiscal Year 2019, SSA awarded a contract to build an information exchange to obtain monthly earnings data from third-party payroll data providers. In Fiscal Year 2023, SSA planned to continue working toward implementing the payroll exchange. SSA is at least several years from

¹¹ Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022 (A-15-22-51183)

determining whether the commercial payroll exchange effectively reduces improper payments that are caused by earnings reporting discrepancies. Further, these agreements can only be used to obtain earnings information for disabled beneficiaries, not retirement or survivor beneficiaries under full retirement age who work and are subject to earnings limits.

Proposed Legislation

In a [September 2023 audit](#)¹² the OIG recommended SSA determine whether to seek legislation to permit the Internal Revenue Service (IRS) to share data to assist SSA in reducing improper payments related to Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) of the *Social Security Act*.

The IRS is authorized to share information with SSA to support its administration of the SSI program; however, the IRS indicated the Internal Revenue Code does not permit it to disclose non-covered pension information to SSA for purposes of administering the OASDI program. The OIG concluded SSA generally made accurate GPO and WEP determinations when it had the non-covered pension information it needed. However, the SSA continued relying significantly on beneficiaries to self-report their non-covered pensions. SSA disagreed with the OIG recommendation, stating the decision to propose legislation depends on multiple factors, many outside of the Agency's control.

As another example, SSA has authority to collect workers' compensation information to administer SSA's programs; however, a state may determine it lacks authority to share information with SSA based on state law. While SSA had included legislative proposals in prior years President's budgets related to obtaining workers' compensation, the President's budget for Fiscal Years 2022 and 2023 did not include a legislative proposal. Without this state data, SSA must rely on beneficiaries to report any workers' compensation they have received. A [September 2023 audit](#)¹³ has demonstrated that not all beneficiaries report workers' compensation received, which leads to SSA improperly paying them.

Administrative Finality

Administrative finality is another issue related to improper payments. Under SSA's administrative finality rules, the Agency generally considers its determinations or decisions to be final and binding when it renders them, unless they are appealed or reopened. Once a determination or decision becomes final, SSA will only reopen and revise it for certain reasons and within specific time periods.

¹² Government Pension Data for the Windfall Elimination Provision and Government Pension Offset Determinations (A-13-20-50970)

¹³ State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund (A-02-19-50867)

For instance, an SSA OIG [August 2018 audit](#),¹⁴ showed SSA could not correct payment errors related to WEP and GPO because of administrative finality and would continue overpaying beneficiaries approximately \$46 million annually. One beneficiary highlighted in the report disclosed that she would be receiving a monthly non-covered pension. SSA correctly applied GPO to her spousal benefits but erroneously paid the full monthly retirement benefit rather than a reduced amount. Consequently, SSA overpaid the beneficiary \$10,765 but did not generate an alert to address the incorrect payments because it determined administrative finality applied.

In a [May 2021 audit](#),¹⁵ SSA OIG noted a Law Library of Congress study, which stated that “A government agency may correct a mistake, and no principle of administrative law consigns an agency to repeating a mistake into perpetuity. Administrative agencies have the inherent authority to correct adjudications which appear to be erroneous.” SSA agreed with the OIG’s recommendation in the May 2021 audit to evaluate its administrative finality policies; however, the Agency has not made any changes to its policies.

Improper payments are a major challenge for SSA. Without better access to data, increased automation, systems modernization, and policy or legislative changes, it will continue to be an issue into the future.

Thank you for inviting the Office of Inspector General to discuss issues concerning improper payments at SSA. I would be pleased to address any questions.

¹⁴ Follow-up: Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset (A-09-17-50252)

¹⁵ The Social Security Administration’s Administrative Finality Policy (A-01-19-50859)

Chairman FERGUSON. Thank you, Ms. Eickman.
Ms. Curda, it is now your time.

STATEMENT OF MS. ELIZABETH CURDA, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Ms. CURDA. Chairman Ferguson, Ranking Member Larson, and members of the subcommittee, I am pleased to be here today to discuss our work on overpayments in the Disability Insurance program.

DI serves as a critical safety net by providing benefits to individuals who can no longer work because of physical or mental impairments. In fiscal year 2022, about 8.95 million DI beneficiaries received approximately \$146 billion in benefits.

DI overpayments have been a long-standing challenge for SSA. They can pose a financial hardship for beneficiaries responsible for repaying the debt. They can also result in the loss of taxpayer dollars either because beneficiaries do not repay their debts or because they are eligible to have their overpayment debts waived.

In light of these issues, past GAO work has highlighted the importance of preventing, detecting, and recovering overpayments to DI beneficiaries.

This testimony describes, one, the impact of overpayments on DI beneficiaries and taxpayers; and SSA's challenges with preventing, detecting, and recovering improper payments; and related GAO recommendations.

GAO in past research have consistently found that the majority of DI beneficiaries who have earnings above the limit called substantial gainful activity, or SGA, will receive an overpayment and that the financial burden of these overpayments can be high.

In 2015, we reported that more than one-half of all DI overpayments were paid to beneficiaries earning above SGA. Further, a 2019 study by Mathematica and SSA estimated that 71 percent of DI beneficiaries with earnings above SGA received overpayments. These overpayments lasted about 9 months and accrued about \$9,000.

In our 2021 study of the work incentive program called Ticket to Work, we estimated that participants were twice as likely to receive overpayments than beneficiaries who were not participating in the program. This is because Ticket participants are more likely to earn above SGA than nonparticipants.

According to experts and SSA officials we interviewed, the fear of an overpayment is a disincentive to participating in Ticket and an ongoing issue for participants. We recommended that SSA identify the root causes of overpayments to Ticket participants and take appropriate actions to address them.

In response, SSA conducted a study comparing the sources of overpayments between Ticket participants and nonparticipants. They found that the root causes of overpayments resulting from work for Ticket participants were similar to other beneficiaries who work. They included failure of beneficiaries to report work, failure of SSA to take timely actions to process work reports, and the complexity of policies governing work activity and SGA.

In addition to the burden on beneficiaries, overpayments impose a toll on taxpayers. According to SSA's OIG, overpayments attributed to disabled beneficiaries engaging in SGA have been a leading cause of improper payments to the DI program, amounting to \$755 million in taxpayer funds at risk in 2021.

Further, overpayments cost SSA in administrative expenses to recover overpayments. And some overpayments are not recovered at all. In each fiscal year, from 2018 to 2022, SSA collected an average of 18.5 percent of debts owed to it annually across its programs.

GAO has made a number of recommendations related to addressing overpayments. While SSA has made progress toward implementing several of these recommendations, others remain unimplemented. Of the 31 open recommendations, five pertain to overpayments, and two of the five are priority recommendations.

The first has to do with preventing potential overpayments to individuals receiving concurrent Federal workers' compensation benefits. SSA and Labor have agreed to share workers' compensation data to prevent overpayments, but it is still a work in progress.

The second has to do with shifting from a minimum withholding amount for repayments from \$10 per month to 10 percent of benefits, which could increase the size and speed of recovery. However, as of February 2023, those plans were put on hold.

In summary, overpayments negatively affect DI beneficiaries and taxpayers in several ways. Overpayments may place undue hardship on conscientious DI beneficiaries who reported work yet faced repaying large sums due to SSA delays. They also create a disincentive for beneficiaries to pursue further work, and they place a burden on taxpayers through overpayments that are waived or never recover and the cost of recovering the debt.

While SSA has made efforts in recent years to prevent and detect overpayments resulting from work, more remains to be done.

This concludes my prepared statement, and I would be happy to answer any questions you may have at this time.

[The statement of Ms. Curda follows.]

United States Government Accountability Office



Testimony
Before the Subcommittee on Social
Security, Committee on Ways and
Means, House of Representatives

For Release on Delivery
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DISABILITY INSURANCE

SSA Faces Ongoing Challenges with Overpayments

Statement of Elizabeth Curda, Director,
Education, Workforce, and Income Security

October 18, 2023

Chairman Ferguson, Ranking Member Larson, and Members of the Subcommittee:

I am pleased to be here today to discuss our work on Social Security Administration's (SSA) efforts to prevent and detect overpayments in the Disability Insurance (DI) program.¹ DI serves as a critical safety net by providing benefits to individuals who can no longer work because of physical or mental impairments. In fiscal year 2022, about 8.95 million DI beneficiaries received approximately \$146 billion in benefits.

DI overpayments have been a longstanding challenge for SSA. Overpayments occur when SSA pays benefits in excess of what is due or continues to pay beneficiaries who are no longer eligible. DI overpayments can result when beneficiary work and earnings activity—which can affect DI eligibility—is not properly reported to or processed by SSA. Overpayments can pose a financial hardship for beneficiaries responsible for repaying the debt. Overpayments may also result in the loss of taxpayer dollars, either because beneficiaries do not repay their debts or because they are eligible to have their overpayment debts waived by SSA. In light of these issues, past GAO work has highlighted the importance of preventing and detecting overpayments to DI beneficiaries.²

This testimony describes: (1) the impact of overpayments on DI beneficiaries and taxpayers, and (2) SSA's challenges with preventing, detecting, and recovering improper payments, and related GAO

¹Overpayments are a subset of improper payments, which are defined by law as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. 31 U.S.C. § 3351(4).

²GAO, *Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*, GAO-11-724 (Washington, D.C.: July 27, 2011). GAO, *Disability Insurance: SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries*, GAO-16-34 (Washington, D.C.: Oct. 29, 2015).

recommendations. My testimony is based primarily on reports we issued from 2015 to 2023.³

We used multiple methodologies to conduct the work for our prior reports. We analyzed SSA data; reviewed relevant federal laws, regulations, and guidance; reviewed key agency documents; conducted a literature review of peer-reviewed articles; and interviewed SSA officials.⁴ Our analysis of SSA's Ticket to Work and Self-Sufficiency Program (Ticket)—a voluntary program established to assist individuals with disabilities to obtain and retain employment, and reduce their dependency on benefits—compares outcomes for Ticket participants to a statistically matched group of similar nonparticipants.⁵

We performed the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³This testimony is also based on updates to actions SSA has taken to address past GAO recommendations. Prior GAO reports are cited throughout and include GAO, *Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation*, [GAO-15-531](#) (Washington, D.C.: July 8, 2015), GAO, *Disability Insurance: SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud*, [GAO-16-331](#) (Washington, D.C.: Apr. 13, 2016), GAO, *Payment Integrity: Selected Agencies Should Improve Efforts to Evaluate Effectiveness of Corrective Actions to Reduce Improper Payments*, [GAO-20-336](#) (Washington, D.C.: Apr. 1, 2020), GAO, *Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs*, [GAO-22-104031](#) (Washington, D.C.: Oct. 28, 2021), and GAO, *Priority Open Recommendations: Social Security Administration*, [GAO-23-106466](#) (Washington, D.C.: May 9, 2023).

⁴More information on the scope and methodology of our work is contained within each of the published reports.

⁵To conduct this analysis, we used data from SSA's Disability Analysis File from 2002 to 2018 matched with earnings data from SSA's Master Earnings File. We assessed the data we received by, for example, reviewing relevant documentation and interviewing knowledgeable officials. We determined that the data were sufficiently reliable for the purposes of our reporting objectives.

Background

SSA Benefit Programs

SSA's DI program provides benefits to individuals with disabilities. Individuals are generally considered to have a disability if (1) they cannot perform work that they did before and cannot adjust to other work because of their medical condition(s), and (2) their disability has lasted or is expected to last at least 1 year or is expected to result in death. To be eligible for DI, an individual must generally be unable to engage in substantial gainful activity (SGA). The SGA monthly earnings limit in 2023 is \$1,470 (\$2,460 for blind individuals). Further, individuals must have worked and paid into the program for a minimum period of time to qualify for DI benefits.⁶

SSA also provides financial assistance to eligible individuals through two other major benefit programs:

- Old-Age and Survivors Insurance (OASI)—provides retirement benefits to eligible older individuals and their families and to survivors of deceased workers.
- Supplemental Security Income (SSI)—provides benefits for aged, blind, or disabled individuals with limited income and resources.

In fiscal year 2022, SSA paid \$1.075 trillion in OASI benefits to around 57 million individuals. Also in fiscal year 2022, SSA paid over \$58 billion in SSI benefits to a monthly average of 7.6 million individuals.

DI Overpayments

DI overpayments occur when beneficiaries are paid more than they should be for a given period of time. Per program rules, SSA requires that beneficiaries promptly report their work activity—including starting a job or a change in wages—as failure to do so may result in an overpayment. Overpayments may also result if SSA miscalculates benefits, or as the result of individuals knowingly misleading the agency or committing fraud.

SSA will seek repayment of most overpaid benefits after pursuing various procedural steps. Specifically, when SSA detects an overpayment, it

⁶Individuals must have earned sufficient quarters of coverage (also referred to as "work credits") in order to qualify for DI benefits, which they do by working and paying Social Security taxes. Individuals may earn up to four work credits per year, and the amount of earnings needed for a credit generally changes each year. In 2023, \$1,640 in earnings was needed for each credit. The number of work credits needed to qualify for DI benefits depends on the age of the claimant. Generally, individuals 31 and older need 40 work credits to qualify, 20 of which must have been earned in the 10 years prior to becoming disabled. Younger individuals may qualify with fewer credits.

requests a full immediate repayment, unless the overpayment can be withheld from the beneficiary's next monthly benefit. SSA also notifies the overpaid person that they may request reconsideration, a waiver, or both. A beneficiary requests reconsideration when he or she disputes that an overpayment occurred or the amount of the overpayment. The beneficiary requests a waiver when asserting that he or she is neither responsible for the overpayment nor capable of repaying it. SSA may grant a waiver request if it finds that the beneficiary was not at fault for the overpayment and that recovering the overpayment would defeat the purpose of the program or be against good conscience and equity.⁷ A waiver permanently terminates collection of a debt.

If SSA denies a reconsideration, a waiver, or both, the agency will request full repayment. SSA will attempt to withhold benefits from the beneficiary to immediately recoup the full amount. If the individual is not receiving SSA benefits at the time or is unable to immediately pay the full amount owed, the agency generally requests a repayment plan. This may take the form of voluntary remittances or withholding from monthly SSA benefits. These withholdings may be taken from DI or other SSA benefits being received, such as SSI benefits.⁸ SSA policy is to obtain repayment within 36 months, but it may approve longer repayment periods after reviewing an individual's income, expenses, and assets. SSA regulations require a minimum monthly DI benefit withholding of \$10, an amount that has not changed since 1960 according to SSA.⁹

Overpayments Can Impose Burdens on DI Beneficiaries and Taxpayers

GAO and past research have consistently found that the majority of DI beneficiaries who have earnings sufficient to affect their benefits will receive an overpayment. The financial burden of these overpayments can amount to thousands of dollars, which beneficiaries may have to repay. In 2015, we reported that more than one-half of all DI overpayments were paid to beneficiaries earning above program limits.¹⁰ Further, a 2019 study conducted by Mathematica and SSA estimated that 71 percent of DI beneficiaries with earnings sufficient to affect their benefits receive

⁷See 42 U.S.C. § 404(b), 20 C.F.R. § 404.506.

⁸See, e.g., 31 U.S.C. § 3716(c) and 42 U.S.C. § 1320b-17.

⁹See 20 C.F.R. § 404.502(c).

¹⁰We previously determined that more than one-half of the amount of overpayments during fiscal years 2005 through 2014 were as a result of individuals earning above SGA. [GAO-16-34](#).

overpayments, which often accumulate to thousands of dollars.¹¹ The study found that overpayments lasted for a median of 9 months and accrued a median amount of \$9,282.

In 2018, SSA's Office of the Inspector General (OIG) reported that, 77 of 97 (79 percent) sampled beneficiaries who earned above SGA were overpaid. Additionally, among overpaid individuals in the sample who reported their earnings in a timely manner, SSA took an average of 155 days (approximately 5 months) to process reported earnings and assess the effect on benefits. In some cases, it took the agency 6–10 months. The OIG concluded that this led to overpayments that could have been avoided.¹²

In our 2021 study of Ticket, we estimated that participants were twice as likely to receive overpayments than similar DI or SSI beneficiaries who were not participating in Ticket.¹³ This is because Ticket participants—who include DI beneficiaries—are more likely to earn above the SGA limit than nonparticipants. Based on our analysis of SSA data, among Ticket participants who began the program from 2002 through 2010 and worked enough to temporarily or permanently leave the rolls over a 5-year period after starting the program, we estimated that approximately 96 percent received an overpayment of disability benefits.

According to experts and SSA officials we interviewed, the fear of an overpayment is a disincentive to participating in Ticket and an ongoing issue for participants. Officials from an employment program serving Ticket participants stated that they spend a lot of time dealing with

¹¹Denise Hoffman, Benjamin Fischer, John T. Jones, Andrew McGuirk, and Miriam Loewenberg, "Work-Related Overpayments to Social Security Disability Insurance Beneficiaries: Prevalence and Descriptive Statistics," *Social Security Bulletin*, vol. 79, no. 2 (2019): 65.

¹²SSA Office of the Inspector General, *Incorrect Payments to Disabled Beneficiaries Who Return to Work*, Audit Report No. A-07-17-50131 (May 2018).

¹³SSA's Ticket to Work and Self-Sufficiency Program (Ticket) is a voluntary program established to assist individuals with disabilities to obtain and retain employment and reduce their dependency on benefits. Our estimates of overpayments were derived from historical SSA benefit data that were not designed to track overpayments to beneficiaries. Nonetheless, they are the best available data on the population of Ticket participants, and provide a reasonable indicator of the extent to which overpayments occur among them. For the purposes of this analysis, we defined an overpayment as a circumstance in which an individual received a benefit payment when they were not entitled to receive benefits. We did not assess whether individuals were entitled to a benefit or how much they were entitled to; rather, we relied on SSA data regarding benefits paid and benefits due.

overpayments and that, despite their experience in helping Ticket participants prevent and resolve overpayments, there are still challenges. They stated that overpayments can go on for months after individuals have reported their income.

We recommended that SSA identify the root causes of overpayments to Ticket participants, specifically, and then take appropriate actions to address them. In response, SSA conducted a large empirical study comparing the sources of overpayments between Ticket participants and non-participants. They did not find the underlying circumstances facing Ticket participants to be significantly different from non-participants and concluded that actions to specifically address overpayments to Ticket participants were not warranted. They found that the root causes of overpayments resulting from work were failure of beneficiaries to report work, failure of SSA to take timely actions to process work reports, and the complexity of policies governing work activity and SGA.

In addition to the burden on beneficiaries, overpayments impose a toll on taxpayers. According to SSA's OIG, overpayments attributed to disabled beneficiaries engaging in SGA have been a leading cause of improper payments in the OASI and DI programs, amounting to \$755 million in taxpayer funds at risk in 2021.¹⁴ Furthermore, overpayments cost SSA in administrative expenses to recover overpayments, and some overpayments are not recovered at all. In each fiscal year from 2018 to 2022, SSA collected an average of 18.5 percent of debts owed to it annually across its programs.¹⁵ To recover these debts, SSA spent an estimated 6 to 7 cents per dollar recovered.

SSA Faces Ongoing Challenges Reducing Overpayments

SSA has faced challenges preventing, detecting, and recovering overpayments in the past, and has recognized the importance of these issues. For example, in its annual performance report for fiscal years 2022–2024, SSA highlighted promoting timely wage reporting as a focus area—an effort that could prevent overpayments.¹⁶

¹⁴SSA Office of the Inspector General, *Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022*, Audit Report No. A-15-22-51183 (May 2023).

¹⁵The average of debt collected is based on SSA's annual gross receivables balance, which is mainly related to recoveries of overpayments.

¹⁶Social Security Administration, *Fiscal Years 2022-2024 Annual Performance Plan and Report*. (Mar. 2023).

We have made a number of recommendations related to improving SSA's efforts to prevent, detect, and recover overpayments. While SSA has made progress towards implementing several of these recommendations, others remain not implemented. Of the 31 GAO recommendations to SSA that are currently open, five pertain to overpayments. In a May 2023 letter to the Acting SSA Commissioner, the Comptroller General highlighted two of the five as priority recommendations to address.¹⁷ To see all five open recommendations on overpayments, see appendix I.

As included in our 2023 priority recommendation letter, SSA implemented our April 2020 recommendation to establish a process to measure the effectiveness of corrective actions for improper payments for the SSI, OASI, and DI programs. The new process includes establishing measurements and benchmarks and analyzing data to better evaluate the effectiveness of corrective actions. Measuring the effectiveness of corrective actions increases the certainty they are indeed reducing improper payments.¹⁸

We also highlighted two longstanding priority recommendations pertaining to overpayments that remain unimplemented. These recommendations focus on preventing potential overpayments to individuals receiving concurrent federal workers' compensation benefits and pursuing additional recovery options for overpayments. Specifically, in 2015, we recommended that SSA strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of Federal Employees' Compensation Act (FECA) benefits.¹⁹ In response, SSA is working towards an agreement with the Department of Labor to use FECA benefit data to improve efficiencies in its ability to offset or reduce DI benefits when an individual is concurrently receiving FECA benefits. To fully implement this priority recommendation, SSA needs to complete these plans, which could help improve the financial status of the DI program and ensure that SSA does not continue overpaying beneficiaries who may have difficulty repaying debt incurred by overpayments.

To improve the recovery of DI payments, in 2016, we recommended that SSA adjust the minimum withholding rate to 10 percent of monthly DI benefits to allow quicker recovery of debt. This change would increase

¹⁷[GAO-23-106466](#).

¹⁸[GAO-20-336](#).

¹⁹[GAO-15-531](#).

scheduled collections and reduce the time it will take to fully recover overpayments and result in tens of millions of dollars in overpayment debt recovered over a 5-year period. Although SSA agreed with this recommendation, as of February 2023, SSA stated that it had stopped pursuing this change through regulation to address other regulatory priorities related to the COVID-19 pandemic.

Congress also plays a key role in addressing any underlying issues related to preventing overpayments. For example, Congress has taken steps to implement our matter for congressional action for reducing improper payments to deceased individuals. Specifically, to enhance identity verification through data sharing, we previously suggested that Congress consider amending the Social Security Act to share the Social Security Administration's (SSA) full death data with Treasury's Do Not Pay System.²⁰

In December 2020, Congress passed—and the President signed into law—the Consolidated Appropriations Act, 2021. The act requires SSA, to the extent feasible, to share its full death data with Treasury's Do Not Pay system for a 3-year period.²¹ In 2022, we suggested that Congress amend the Social Security Act to accelerate and make permanent the requirement for the Social Security Administration to share its full death data with the Department of the Treasury's Do Not Pay system.²² Sharing these data on an ongoing basis will allow agencies to enhance their efforts to identify and prevent improper payments to deceased individuals.

In conclusion, overpayments negatively affect DI beneficiaries and taxpayers in several ways. Overpayments may place undue financial hardship on conscientious DI beneficiaries who reported work but nevertheless were overpaid and may have to repay the debt. Overpayments may be especially burdensome if the recipients were not aware that they were overpaid and spent the money. In addition, the potential for an overpayment may create a disincentive for beneficiaries to

²⁰GAO, *Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended*, [GAO-17-15](#) (Washington, D.C.: Oct. 14, 2016), and *COVID-19: Opportunities to Improve Federal Response and Recovery Efforts*, [GAO-20-625](#) (Washington, D.C.: June 25, 2020).

²¹Pub. L. No. 116-260, § 801, 134 Stat. 1182, 3201-03, amending 42 U.S.C. § 405(r). This provision will take effect 3 years after enactment and will be effective for a 3-year period.

²²GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, [GAO-22-105715](#) (Washington, D.C.: Mar. 17, 2022).

further pursue work. Furthermore, overpayments place a financial burden on the agency through the cost of recovering debts, and to the taxpayer through overpayments that are waived and never recovered.

While SSA has made efforts in recent years to prevent and detect overpayments resulting from work, more remains to be done. Implementing our priority recommendations is an important step for reducing overpayments.

Chairman Ferguson, Ranking Member Larson, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

GAO Contacts and Staff Acknowledgments

For questions about this statement, please contact Elizabeth Curda, Director, Education, Workforce, and Income Security, at (202) 512-7215 or curdae@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this statement include Erin M. Godtland (Assistant Director), David Reed (Analyst-in-Charge), Seto Bagdoyan, William Beichner, Daniel Concepcion, William Boutboul, Alex Galuten, Joel Green, Carl Nadler, Jessica K. Rider, Joe Silvestri, Joy Solmonson, Anjali Tekchandani and Walter Vance.

Other staff who made contributions to the reports cited in the testimony are identified in the source products.

Appendix I: Open Recommendations to the Social Security Administration on Disability Insurance Overpayments

There are five open recommendations to the Social Security Administration to address Disability Insurance overpayments (see table 1).

Table 1: GAO Open Recommendations to the Social Security Administration on Disability Insurance Overpayments

GAO Report	Open Recommendation
<i>Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation</i> , GAO-15-531 (Washington, D.C.: July 8, 2015)	To improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of FECA benefits, the Commissioner of Social Security should strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of FECA benefits by implementing the alternative that provides the greatest net benefits.
<i>Disability Insurance: SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries</i> , GAO-16-34 (Washington, D.C.: Oct. 29, 2015).	To enhance beneficiary understanding of work reporting requirements, SSA should: (a) Clarify work reporting requirements provided to beneficiaries. (b) Explore options for increasing the frequency of reporting reminders to DI beneficiaries, similar to those currently available to SSI recipients.
<i>Disability Insurance: SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud</i> , GAO-16-331 (Washington, D.C.: Apr. 13, 2016)	To ensure effective and appropriate recovery of DI overpayments and administration of penalties and sanctions, the Acting Commissioner of the Social Security Administration should clarify its policy for assessing the reasonableness of expenses used in determining beneficiaries' repayment amounts to help ensure that withholding plans are consistently established across the agency and accurately reflect individuals' ability to pay.
<i>Disability Insurance: SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud</i> , GAO-16-331 (Washington, D.C.: Apr. 13, 2016)	To ensure effective and appropriate recovery of DI overpayments and administration of penalties and sanctions, the Acting Commissioner of the Social Security Administration should adjust the minimum withholding rate to 10 percent of monthly DI benefits to allow quicker recovery of debt.
<i>Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs</i> , GAO-22-104031 (Washington, D.C.: Oct. 28, 2021)	The Commissioner of Social Security should identify the root causes of overpayments to Ticket to Work participants specifically then take appropriate actions to address them.

Source: GAO. | GAO-24-107113

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Chairman FERGUSON. Thank you, Ms. Curda.

So now we will move to the question-and-answer section of this.

And, Commissioner, I would like to first talk about that chart that you held up. And look, I get it. Most of—we are seeing a growth in the program. We know we are going to see a growth in the number of beneficiaries, but one of the things, I don't think that chart tells the whole picture of where we are. Okay.

I think—if I could, I think—do you all have the charts available to put up?

I think it is important to note that the vast majority of the new beneficiaries are retirees, correct? And the actual number of Social Security disability claimants and those beneficiaries is going down. Okay. And so I think—I think that is good. Obviously, we don't want our fellow Americans doing that.

But the reason this is important is to talk about how much it costs to process a retirement claim versus a disability claim. How much does it cost to process each one of those?

Ms. KIJAKAZI. I will have to take that back. I don't have the dollar amount to process each one of those.

I would also add that, while disability claims were going down, particularly during the pandemic, they have begun—the applications have begun to increase.

Chairman FERGUSON. So, based on our estimates, it costs about \$255 to process a retirement claim, and it costs about \$1,600 to process a disability claim. So there is a big difference.

And the—obviously, the work on the retiree benefit side has great results, but we are seeing—we are still seeing this take too long on the disability side.

So I think the, you know, the workload, if you, again, look over at the chart that is up there, you will see that the disability side of this is going—is—the curve is starting to bend down. Now, you say it is going to go up, but we are not seeing significant growth there, right?

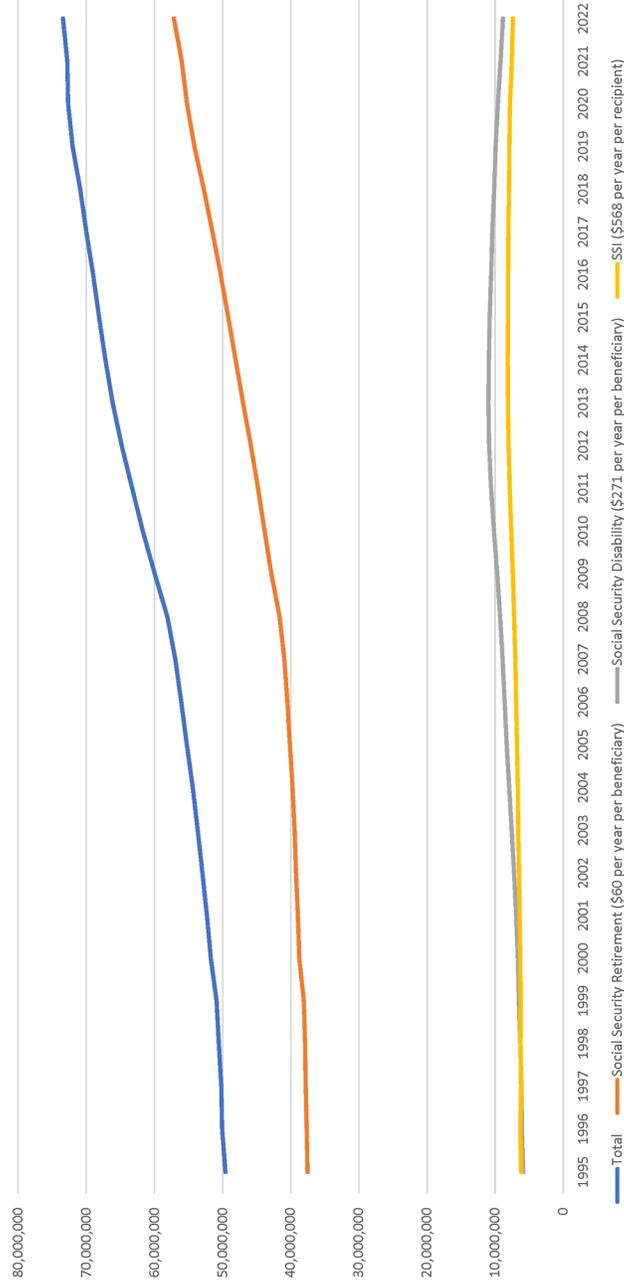
I think the other thing that is important to point out is that it takes—and this is based on you all's numbers—it takes about \$60 per year to—for a retiree benefit. Okay? But for disability, it is about \$271.

So I think our focus right now needs to be on how to eliminate—really, how do we reduce these improper payments and make this disability process go more smoothly.

So, without objection, I would like to have these charts entered into the record.

[The information follows:]

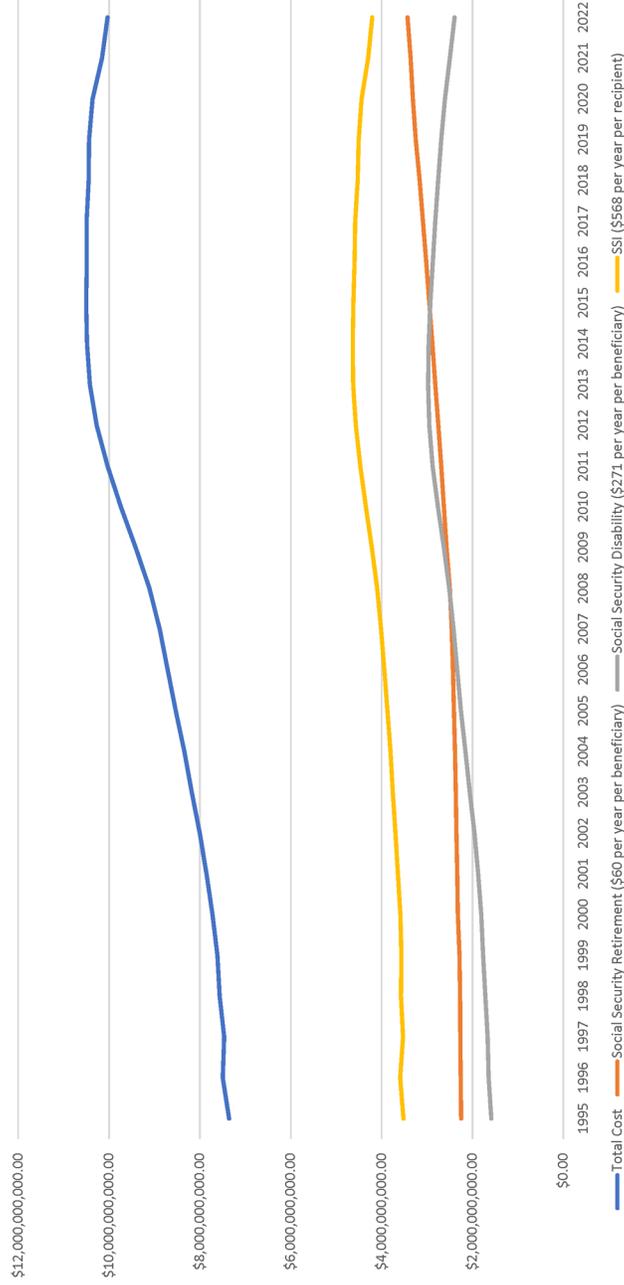
Social Security Beneficiary and Supplemental Security Income (SSI) Recipient Growth by Program and Administrative Cost



Source: <https://www.ssa.gov/oact/STATS/OASDIbenies.html>

Source: https://www.ssa.gov/oact/ssir/SS123/SingleYearTables/IV_B6.html#fna

Social Security Beneficiary and Supplemental Security Income (SSI) Recipient Growth Expressed in Cost Per Year Per Beneficiary/Recipient



Source: <https://www.ssa.gov/oact/STATS/OASDIbenies.html>

Source: https://www.ssa.gov/oact/ssir/SS123/SingleYearTables/IV_B6.html#fna

Chairman FERGUSON. But, again, I just—I don't want to—I don't want us to just look at the one chart that you brought, because I don't think it tells—I don't think it tells the entire picture.

I think probably the biggest question that I have is that, you know, in your written responses back to the questions that we had earlier, when we talk about implementing the Payroll Information Exchange, you said it is more reliable and accurate than the current manual process, and it will improve payment accuracy and reduce reporting burdens.

If there is a better process, then I guess after 8 years, the question is: Why have you all not implemented this program? I mean, this is something that is—you know, even you all—you all acknowledge that this is a better way of doing it. You are the commissioner. You have got a great team around you that cares about beneficiaries. Why not implement the program? Why not move away from the manual processes and really engage in the Payroll Information Exchange program?

Ms. KIJAKAZI. Mr. Ferguson, thank you for your question. We have been working steadily to implement this important initiative. Several factors require time. We had to obtain a payroll data provider that had the capacity to conduct the exchange. That took some time. We had to obtain approval from beneficiaries to have their earnings reported to SSA by the data provider. We have obtained approval from over 10 million beneficiaries thus far. That has taken time.

We had to conduct an accuracy test, which recently we were able to complete, and we found that, as you indicated, successful results.

We published the Federal Register notice in January 2021. We are finalizing the Notice of Proposed Rulemaking, and it will have a timeline for implementation. So we are just about there.

Chairman FERGUSON. What do you think that timeline is? I mean, it just seems—8 years seems like—on something as important as this program, 8 years just seems like it is—something is broken in the system to get—to go from start to 8 years and we still don't have the program.

So how much longer is this going to take?

Ms. KIJAKAZI. So we anticipate by the end of the year we should have the publication of the Notice of Proposed Rulemaking. And, during my tenure, I asked that we expedite this process for getting the PIE in place.

Chairman FERGUSON. Okay. So, by the end of the year, we will have the proposal for the rulemaking.

How long do you anticipate the rulemaking process to take?

Ms. KIJAKAZI. I will have to take that back, but I think that we are nearly there.

Chairman FERGUSON. Nearly—and I don't mean to—I am not trying to—I am not trying to be—beat you up here, Doctor. But “nearly there” meaning a year? Twelve months?

Ms. KIJAKAZI. Finalizing the Notice of Proposed Rulemaking is about the last hurdle that we have, and I anticipate that we should be able to do that by the end of the year.

Chairman FERGUSON. So you think this program could be operational by the end of the year, or you just got the rule by the end of the year.

Ms. KIJAKAZI. The rule.

Chairman FERGUSON. Okay.

Ms. KIJAKAZI. And I can come back to you with more specifics in terms of the timeline. We can provide you with a written response on that.

Chairman FERGUSON. I think that would be helpful.

So I have also got a couple of letters here that I would like to enter into the record that have your responses to the written questions that we have done earlier.

So I would like to enter those in as well.

[The information follows:]

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U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS
1139 LONGWORTH HOUSE OFFICE BUILDING
Washington, DC 20515

July 31, 2023

Dr. Kilolo Kijakazi
Acting Commissioner
Social Security Administration
6401 Security Boulevard
Baltimore, Maryland 21235

Dear Acting Commissioner Kijakazi:

We write to request that you provide us with an update on the status of the Payroll Information Exchange (PIE)—authorized under Section 824 of the *Bipartisan Budget Act of 2015*¹ (BBA)—which authorizes the Commissioner of Social Security to enter into data exchanges with commercial payroll data providers to help administer monthly Social Security Disability Insurance (DI) and Supplemental Security Insurance (SSI) benefits accurately and efficiently.

As you are well aware, the Social Security Administration (SSA) is the steward of the federal government's largest expenditure of taxpayer dollars, responsible for managing over \$1 trillion in payments to roughly 70 million beneficiaries annually. With a program this size, getting even a small number of payments wrong, whether overpaying or underpaying, can result in billions of dollars of improper payments. Resolving an improper payment once it's occurred not only adds to the SSA's workloads, but more importantly can be unduly burdensome for a beneficiary. It is therefore imperative that the SSA fully utilize the authorities granted by Congress to limit improper payments *before they occur*.

Unfortunately, in Fiscal Year (FY) 2021, Social Security's combined DI and Old-Age and Survivors Insurance (OASDI) programs made roughly \$2.5 billion in improper payments, nearly \$2 billion of which were overpayments. In FY 2021, SSI made more than \$4 billion in overpayments.² According to the SSA, beneficiaries' failure to report earnings in a timely manner is a major cause of improper payments in the OASDI and SSI programs.³ A recent report from the SSA Office of the Inspector General reiterated, "Obtaining data from external sources, such as other Federal and State agencies and financial institutions, is critical to preventing and detecting improper payments."⁴

¹ *Bipartisan Budget Act of 2015*, Pub. L. No. 114-74 (2015).

² *Agency Financial Report: Fiscal Year 2022*, SOCIAL SECURITY ADMINISTRATION (Nov. 10, 2022).

³ *Id.* at 146 and 157.

⁴ *The Social Security Administration's Challenges and Successes in Obtaining Data to Determine Eligibility and Payment Amounts*, OFFICE OF THE INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION (September 2022) at 1.

It has now been more than seven years since Congress authorized the use of data exchanges with payroll data providers to reduce improper payments, improve the administration of the DI and SSI programs, and alleviate monthly reporting burdens for beneficiaries. However, the SSA has still not put the PIE into production despite repeatedly citing the development of the PIE as a key effort to reduce improper payments. It is surprising and unacceptable that the SSA has still not implemented the PIE, which was authorized by bipartisan legislation and is intended to help reduce improper payments and support the administration of DI and SSI.

In 2021, the SSA published a notice of implementation of the PIE in the Federal Register, signaling the SSA's intent to move forward with an information exchange.⁵ However, no regulations have been published and the SSA's Spring 2023 Regulatory Agenda indicates that the PIE notice of proposed rulemaking is now expected in January 2024—more than eight years after the BBA was enacted.

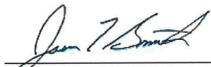
We request responses to the following by August 14:

- 1) The steps that have been taken to implement the PIE since the passage of the BBA.
- 2) An explanation for the delay following the publication of the 2021 notice to implement.
- 3) A timeline for full implementation of the PIE.

Additionally, given the importance of the Social Security programs and the payment integrity issues facing the agency, we encourage you to fully implement Section 824 of the BBA before the end of this fiscal year.

If you have any questions, or believe you will be unable to comply with any part of this request, please have your staff contact Shaun Freiman, Chief Social Security Counsel and Deputy General Counsel, at 202-225-3625 or shaun.freiman@mail.house.gov.

Sincerely,



Jason Smith
Chairman
Committee on Ways and Means



A. Drew Ferguson, IV
Chairman
Subcommittee on Social Security
Committee on Ways and Means



Darin LaHood
Chairman
Subcommittee on Work and Welfare
Committee on Ways and Means

⁵ Use of Electronic Payroll Data to Improve Program Administration, 86 Fed. Reg. 5303 (Jan. 19, 2021).

SSA Responses to Questions for the Record

Committee on Ways and Means, Subcommittee on Social Security – United States House
Hearing on Strengthening Social Security’s Customer Service
May 17, 2022

Questions for Ms. Kim**Representative Ron Estes**

- 1. The agency requires third-party representatives to submit their clients’ applications electronically, provides online forms for doing so and accepts digital signatures on these forms. Why does SSA then decline to acknowledge the representative’s electronic appointment, and also require the applicant to provide a ‘wet signature’ on printed summary documents sent through the mail? Doesn’t this create an unnecessary delay of weeks or months for those who have sought and need help the most? What is the rationale for this policy, how does it ensure equity for those with disabilities and how does it demonstrate a commitment to the highest level of service for those attempting to navigate our “complex” disability program?**

We recognize the need to identify opportunities to improve our services by reducing burdens and enhancing our electronic signature service options. In accordance with EO 14058, we are examining our forms and accompanying policy that require a physical (i.e., wet or pen-and-ink) signature to determine whether each form’s physical signature requirement can be removed entirely and, if it cannot, whether we can make the form available to the public to be signed electronically. This includes forms related to our application process.

Regarding our current process, there is no requirement that prospective representatives submit their clients’ application electronically. We do, however, allow a third party to initiate an internet application on the claimants behalf, which establishes a protective filing date for the claimant. However, generally, the third party cannot sign the application,¹ which as we detail later in this response, can complicate a prospective representative’s ability to support a claimant in submitting the signed application. Our historic perspective has been that the claimant’s physical signature is the optimal mechanism for affirming a claimant’s intent to file, and that options for allowing a third-party to complete the act of signing an application might result in situations where a claimant is not aware of or does not agree with an application that has been filed on the claimant’s behalf.

Once we receive the third party-initiated claim, we mail it to the claimant to verify their intent to file, review the information for accuracy, and sign the application. To expedite this process, we instruct our technicians to call the claimant to verify the information provided, and to obtain the claimant’s permission to sign by phone using our attestation process². The claimant can choose to use the attestation process or review and physically sign the mailed document; there

¹ [20 CFR § 404.612 Who may sign an application](#)

² The SSA interviewer confirms the proper applicant’s intent to file, affirmation under penalty of perjury that the information provided is correct, and agreement to sign the benefit application. The interviewer’s annotation of the same in SSA records constitutes a signed application/valid legal signature (See POMS [GN 00204.001](#) and [GN 00201.015](#)).

is no need to do both. We acknowledge that this process creates a delay³ between the completion of an application online and when SSA begins processing the application as signed. As you describe, it also creates situations where an applicant's prospective representative is not able to communicate with SSA on behalf of their client as they are not yet recognized as an appointed representative. Specifically:

- SSA will not accept an SSA-1696 before an application has been signed by the claimant, which can result in a prospective representative not knowing when they can submit an SSA-1696 to begin serving as the claimant's appointed representative;
- SSA will not accept evidence before an application has been signed by the claimant, which results in evidence being submitted separately from the claim;
- SSA will not communicate or correspond with the claimant's prospective representative prior to a valid appointment. This includes any communication about the status of the signed document, or challenges with effectively getting in touch with the claimant. SSA also will not permit the claimant's prospective representative to act on behalf of the claimant, which includes arranging meetings with SSA on the claimant's behalf. This can result in the prospective representative being unable to help the claimant with signing and filing the application. However, SSA will permit a prospective representative to participate in a conference call with the claimant if the claimant consents to the prospective representative's participation.

Our historic position is that the burden caused by these policies and procedures is necessary to ensure the integrity of the application process and the programs we administer, as well as our obligations under the Privacy Act to protect claimant information. The current process fulfills our legal and programmatic responsibilities while attempting to promote equity and provide the "highest level of service." We are exploring opportunities to further streamline our service and reduce public burdens through EO 14058.

To address the other aspect of your question, we do accept electronic signatures for the appointment of representatives⁴. However, as conveyed in your question, two aspects of our regulations creates a situation where the appointed representative is not recognized by us until we consider the application signed and filed. First, appointed representatives cannot be allowed until after an application is filed; second, generally, the third party cannot sign the application except in certain situations⁵. In most circumstances, only the claimant can sign the application, which is a requirement for filing the application. Accordingly, even with the use of the e1696, there are situations where we cannot accept the submitted e1696 because we have not yet received the "wet" or orally-attested signature from the claimant on the internet application (we describe this process in detail above). In these situations, we will not

³ The time between when a third-party initiated application is submitted and when we receive the claimant's signature varies depending on factors like whether SSA can reach the claimant by phone to obtain their signature using the attestation process. As you suggest in your question, this lag time can result in at least a week of additional delay.

⁴ In March 2021, we released an electronic version of the Claimant's Appointment of Representative form (e1696), which allows representatives and claimants to complete, sign and submit the form to us entirely electronically.

Additionally, we currently accept all electronic signatures on paper notices of appointment based on temporary emergency policy by verbally verifying with claimants their signatures and intent to sign the document to protect their privacy and ensure proper disclosure. Additional information is available at www.ssa.gov/representation_and_fm-20022 [REV 3](#).

⁵ POMS [GN 00204.003](#)

communicate with the claimant's prospective representative until we first receive both the "signed" application and an SSA-1696 that is submitted after or with the "signed" application. Note that these requirements, related to when we will accept written notices of appointment, are regulatory.⁶ The governing statute, 42 U.S.C. 406, does not explicitly direct that a claim must be filed before a claimant can appoint a representative. The law specifies who can serve as a representative and gives the Commissioner authority to prescribe rules and regulations for recognizing representatives. As stated above, we are exploring ways to further streamline our service and reduce public burdens under EO 14058.

Acting Ranking Member Kevin Hern

1. **In your testimony, you stated that eliminating paper workloads and the need for wet signatures would help reduce the Social Security Administration's (SSA) reliance on manual processes.**

a. What processes at the SSA require paper workloads, wet signatures, or the use or presentation of physical documents?

In accordance with our commitments in [Executive Order \(EO\) 14058](#), we are examining opportunities to amend our policies, to reduce cumbersome paperwork requirements and to further expand secure digital service options. To achieve these goals, we are inventorying and analyzing our paper workloads, wet signatures, and requirements related to the presentation of physical documents. In processes where we cannot remove a requirement, we intend to include an explanation in situations where we believe one of these processes is necessary to comply with a statute or to satisfy other regulatory or programmatic goals.

Please refer to the [21st Century Integrated Digital Experience Act: 2021 Annual Report](#) for a summary of our efforts to expand electronic solutions over the last several years. We continue to focus on priorities that enabled us to continue serving the public during the pandemic like expanding the availability of electronic notices, online forms, and improving our [SocialSecurity.gov](#) website. Our goal is to find more ways to deliver a modernized customer experience, while maintaining the integrity of our programs and processes. For example, for our initial claims workloads, we require the presentation of original documents when we cannot verify certain information (e.g. proof of age) using our existing records. We are continuing to explore more ways to ease the burden on our customers while balancing our stewardship and program integrity responsibilities.

b. What is the SSA doing to reduce or eliminate its reliance on paper workloads, wet signatures, or the use or presentation of physical documents?

As stated in my testimony, we have made key improvements to reduce paper handling such as increasing the availability of electronic notices and online forms. For example, since May 2020

⁶ [20 CFR § 416.1507. Appointing a representative](#) and [20 CFR § 404.1707. Appointing a Representative](#). For example, 20 CFR § 416.1507 states, in part, "[w]e will recognize a person as your representative if the following things are done... (c) The notice is filed at one of our offices if you have initially filed a claim." Because the act of filing an application, under § 422.505(a), necessarily requires a "signature," it is not possible for the act of appointing a representative to occur prior to the submission of a fully-signed form.

we implemented a number of online forms as follows:

- [CMS 40-B: Medicare Part B Online Application](#) – Released May 2020
- [SSA-455: Disability Mailer Form](#) – Released October 2020
- [SSA-1696: Appointment of Representative](#) – Released March 2021
- [SSA-820: Work Activity Report – Self Employment](#) – Released August 2021
- [SSA-821: Work Activity Report – Employee](#) – Released August 2021
- [HA-85: Request to Withdraw a Hearing Request](#) – Released August 2021
- [SSA-552: Dedicated Account Use of Funds Statement](#) – Released September 2021
- [HA-86: Request to Withdraw an Appeals Council Request for Review](#) – Released September 2021
- [HA-4608: Waiver of Your Right to Personal Appearance Before a Judge](#) – Released September 2021
- [SSA-1693: Fee Agreement for Representation Before the SSA](#) – Released October 2021

In accordance with EO 14058, we are actively examining our forms and accompanying policy that require a physical (i.e., wet or pen-and-ink) signature or other paperwork requirements (e.g. physical presentation of documents), to determine whether each form’s signature or other requirement can be removed entirely and, if it cannot, whether we can make the form available to the public to be signed electronically. We are evaluating additional opportunities to remove physical signature requirements to expand online forms, and implement the ability to securely upload certain documentation, evidence, and correspondence without the need to visit a field office.

We are also expanding our Internet Social Security Number (SSN) Replacement Card application (iSSNRC)⁷. In FY 2021, we issued over 3.1 million no change replacement SSN cards through iSSNRC without individuals having to visit a field office, provide a wet signature, and submit original documents. In FY 2022 (through July 2022), we issued over 2.5 million no change replacement cards through this convenient channel. As we expand iSSNRC to name changes due to marriage, we anticipate about 1.3 million potential individuals who will benefit from this new service.

Our FY 2023 budget request, as outlined in our FY 2023 Congressional Justification, supports continued IT investments such as:

- Providing an online and mobile accessible Document Portal for submission of required documentation to minimize manual processing
- Reducing reliance on paper forms by increasing access to online forms through the adoption of eSignature Technology

⁷ Certain U.S. citizens age 18 and older may apply for a replacement card online using iSSNRC, accessible through [my Social Security](#), without the need to visit a field office. We are working to expand iSSNRC to non-participating States (i.e., Alaska, New Hampshire, and Oklahoma). As of June 4, 2022, certain individuals with a marriage certificate issued by the States of Arkansas, Georgia, Missouri and South Dakota may apply online for a “name-change” replacement card due to marriage only, without the need to visit a field office. As of July 2022, 512 individuals were able to successfully complete a name change due to marriage using iSSNRC. We believe the use of this service for name changes due to marriage will expand over time, and we plan to expand to other states in the future.

- Expanding digital services to obtain a replacement Social Security card without having to visit a field office and without diminishing the integrity of the SSN

c. What specific policy barriers does the SSA face in eliminating paper workloads, wet signatures, and the use or presentation of physical documents in its processes? Are these barriers statutory, regulatory, or sub-regulatory?

We are examining potential opportunities for policy change to support more modernized customer experiences while ensuring we maintain original or physical documentation requirements where there is a statutory requirement, or strong policy or program integrity rationale to do so.

Requiring original or physical documentation, or an in-person appearance is grounded in statutory, regulatory, or sub-regulatory policies. These policies exist to ensure the integrity and public trust of the programs we administer and to prevent and detect fraud. In accordance with EO 14058, we are actively examining our forms and accompanying policy that require a physical (i.e., wet or pen-and-ink) signature to determine whether each form's signature requirement can be removed entirely and, if it cannot, whether we can make the form available to the public to be signed electronically. While this process is ongoing, our intended result is a comprehensive understanding of the specific policy barriers related to each of these workloads or requirements in our processes. This will include an explanation in situations where we believe one of these processes is necessary to comply with a statute or to satisfy other regulatory or programmatic goals.

For example, our policy provides the foundation for the billions of SSN verifications we perform⁸ and the administration of our benefit programs, including maintaining accurate earnings records and ensuring payment accuracy. We must protect the public, our programs, and maintain the integrity of the enumeration process, which has implications beyond SSA.

However, we recognize that our historic approach to program administration may have, at times, negatively impacted the customer experience, and should be updated to reduce burdens, which we are working to do. As stated above, we are actively examining our regulations, instructions, and forms to remove physical signature requirements to the extent practicable and consistent with applicable law. Additionally, we are actively reviewing our policies to maintain technology neutrality with respect to acceptable forms of electronic signatures. The agency is conducting our reviews consistent with applicable electronic signature laws and guidance set forth by the General Services Administration and Federal Chief Information Officer's Council⁹.

2. Aside from reducing its reliance on manual processes, what other efforts is the SSA undertaking to simplify its processes and procedures and what specific policy barriers does it face in doing so?

Some examples include:

⁸ We perform SSN verifications for many Federal and State benefit-paying partners and for users of our [electronic Consent-Based Social Security Number Verification \(eCBSV\)](#) service.

⁹ [Use of Electronic Signatures in Federal Organization Transactions \(Version 1, Jan. 2013\)](#)

Online Supplemental Security Income (SSI) Options

Our SSI program is complex, which makes it difficult for the public to transition to a more automated process without training and guidance. For example, we must collect extensive information regarding living arrangements, income, and resources to process SSI applications, which makes it challenging to provide a manageable online application. The specificity and amount of information we need is cumbersome for the claimant to collect and provide. As a first step, we implemented a new online option to request an appointment to file for SSI (and other benefits) and to establish a protective filing date. We are also working to streamline and modernize the full SSI application. For current beneficiaries, we recently revamped our mobile wage reporting application.

Video Service Delivery

Currently, most of our offices (around 1,170¹⁰) use Microsoft (MS) Teams video software to process requests for no-change replacement SSN cards for U.S. citizens without the need to visit an office¹¹. We may expand this service to other offices in the future.

As we consider other use of technology, we must balance convenience and efficiency with program integrity and security. For example:

- The Social Security Act (Act) generally requires us to conduct in-person interviews with representative payee applicants.
- Regarding enumeration, MS Teams video does not allow our technicians to properly evaluate evidentiary documents unless we can independently verify these documents with the custodian of records. We are able to conduct this verification for no-change replacement cards. Additionally, to preserve the integrity of our SSN process, which has implications beyond SSA, our regulations require an in-person interview for applicants 12 years or older for an original SSN¹².

Additionally, our long-term video strategy is to offer a service channel incorporating technologies such as MS Teams or other video platforms to address workloads beyond Social Security Cards. We are still exploring opportunities for potential further expansion.

Centralized Printing

Centralized printing by vendors with large scale printing capacity frees employees from printing and mailing notices, so they can focus on other work. This service also supports telework.

¹⁰ We expanded this service to all of our offices located in States participating in the American Association of Motor Vehicle Administrator's Drivers' License Data Verification Service.

¹¹ The use of MS Teams video service for no-change replacement SSN cards is a separate option for U.S. citizens who are unable or prefer not to use our iSSNRC online service.

¹² [20 CFR 422.107 -- Evidence requirements](#)

In March 2022, we successfully migrated an initial set of approximately 8 million¹³ notices to central print vendors, who automatically print and mail these notices for us. We are planning to migrate additional notices to central print vendors in FYs 2023 and 2024. This transfer of printing functions will save time, so our frontline employees can focus on serving the public. SSA does not have comprehensive management information into the volume of notices still sent from field offices and other non-centralized offices. We believe it is at least 350 million notices annually.

Mail Centralization/Digitization

We are also pursuing ways to further streamline our incoming mail into more centralized processes, which eliminates time-consuming manual actions and automates the assignment, tracking, and processing of incoming mail.

In FY 2021, we initiated a pilot to digitize paper mail for several SSA Headquarters components. Based on the success of the pilot, in June 2022, we implemented a permanent mail digitization solution for SSA Headquarters. SSA Headquarters receives approximately 3.5 million pieces of mail annually, which is less than 6% of all mail received by SSA.

3. What is the average unit cost to process:

- a. A retirement claim;**
- b. A survivors claim;**

In FY 2021, it cost us approximately \$225 to process a claim for Old-Age and Survivor Insurance (OASI) benefits.

- c. A disability insurance claim;**
- d. A Supplemental Security Income claim; and,**
- e. A concurrent claim?**

In FY 2021, it cost us approximately \$1,600 to process a claim for disability with a medical determination. This includes a Disability Insurance claims, Supplemental Security Income Claims (SSI), and concurrent Disability Insurance and SSI claims.

In FY 2021, it cost us approximately \$450 to process a claim for SSI Aged benefits.

4. What is the average annual cost to administer:

- a. A retirement benefit;**
- b. A survivors benefit;**

The average annual cost to administer both retirement and survivors benefit programs is approximately \$3.3 billion.

¹³ We estimate it takes our employees about 2 minutes (roughly 200 Work Years), to print and mail these notices (2 million Advanced Designation of Representative Payee and 6 million Enhanced Leads and Appointments System), which is time they can now spend serving customers.

- c. A disability insurance benefit;**
- d. A Supplemental Security Income benefit; and,**
- e. A concurrent benefit?**

The average annual cost to administer DI benefits is approximately \$2.5 billion, which includes concurrent benefits. The average annual cost to administer SSI benefits is approximately \$4.3 billion.

Our Limitation on Administrative Expenses account, which is our basic administrative account, is an annual appropriation financed from the OASI, DI, and Medicare trust funds, as well as the General Fund¹⁴. Section 201(g) of the Act provides that SSA determine the share of administrative expenses that should have been borne by the appropriate trust funds for the administration of their respective programs, and the General Fund for administration of the SSI program.

¹⁴ Retired workers, their families, and survivors of deceased workers receive monthly benefits under the OASI program. Disabled workers and their families receive monthly benefits under the DI program.

Chairman FERGUSON. And, again, I want to encourage you to get this implemented as quickly as possible. I just think that we have got too many Americans that this has a potential to burden either from an overpayment or an underpayment. And getting a better process in place than this manual system, which also should reduce the need for personnel potentially, all of those things matter.

So I am going to encourage you. We can—you know, I don't think the answer can always be more money and more people. We have got to work smarter with, you know, with better resource—with the resources that we have.

So, with that, at this point I would like to yield to the ranking member, Mr. Larson, for your questions.

Mr. LARSON. Thank you, Mr. Chairman. And thank you, Mr. Chairman, for your line of questioning as well.

Let me say that I share a lot of the concerns that have been raised by the chairman, especially with regard to an 8-year period and being able to address these issues in a timely fashion. And, certainly, everyone in Congress wants to see all of our agencies operate as efficiently as they possibly can.

But my question to you, Dr. Kijakazi, is that if—I appreciate your agency working to fix this problem. What is the top thing SSA needs from Congress in order to provide better customer service to beneficiaries trying to resolve these overpayments?

Ms. KIJAKAZI. We do need sustained, sufficient funding so that we can hire the number of staff we need to cover all of the workloads, including the overpayment workload.

Mr. LARSON. What would that staff load be? And instead, you are operating at flat-level funding. Is that not correct?

Ms. KIJAKAZI. That is what is in the legislation that addressed the debt ceiling. It provided for level funding for fiscal year 2024, which is actually a budget cut for Social Security because we have fixed costs of about \$700 million for fiscal year 2024, because we have—we face increase—for example, increases in the rent on the 1,230 field offices across the country and the approximately 300 hearings offices. So we would be entering into 2024 with a substantial cut.

We were able—with the increase in fiscal year 2023 funds, we had the hiring surge. We brought on, I believe, more new hires than we have ever done in SSA's history within that limited period of time, and we are up to about 60,000.

But, given attrition over the course of the year, if we have level funding, we will have a hiring freeze, which means we cannot replace the people who leave. And so we will begin that decline in our staffing once again and not have sufficient staff to handle the workloads.

Mr. LARSON. The point of my question is that you don't have sufficient staff. And as we look going forward, and as much as we would all like to see efficiencies out of the program, et cetera, is there a more efficient program in the United States Government than Social Security? What is your operating cost? I believe in insurance language, and I happen to be from an insurance area of the world, but you have like a 99 percent loss ratio.

Ms. KIJAKAZI. Right.

Mr. LARSON. What does that mean, Commissioner?

Ms. KIJAKAZI. It means administrative costs of less than 1 percent.

Mr. LARSON. So, you operate the largest insurance company—the largest insurance operation in the country for 70 million people at under 1 percent, and we are cutting you?

Of course, we would all like to see everything be more efficient and as effective as it can be. But this is something that should be highlighted. I am surprised that my colleagues on the other side of the aisle aren't glorifying the fact that, why, why don't we look at all of our agencies and see if they can operate at the same kind of efficiency that you have?

And, yes, there is always room for improvement. But we are talking about human beings here, too, that are going to have questions. And, as the form that the chairman raised earlier points out, things can get pretty complicated. And so we need the staffing level and we need the humanization in the process to make sure that the public is getting these answers.

So, we want to make sure that you have the dollars that are needed to invest in the personnel who can serve the public and continue to provide the Nation with the number one anti-poverty program for the elderly and the number one economic development program we have in every one of our districts. And instead, it is flat funded and cut, and Congress hasn't increased any benefit in more than 52 years. How is that responsible?

Chairman FERGUSON. I would like to thank the ranking member. But I also would just like to point out that in fiscal year 2023, the administration's budget was \$14.13 billion. And that was an increase of \$785 million over fiscal year 2022. So there has been an increase in funding.

With that, next I would like to yield to Mr. Estes from Kansas.

Mr. ESTES. Thank you, Mr. Chairman.

And thank you to our witnesses for joining us today.

You know, holding a hearing on Social Security is critical, as this Federal program impacts all of our districts and constituents so personally. In Kansas, there is more than 45,000 Social Security recipients. So the discussions we have here today will certainly make a difference in the lives of many Kansans and Americans.

With such a massive program, it is not hard to imagine that there would be some small errors and potential mismanagement at the Social Security Administration. However, the massive number of improper payments is unacceptable, and it harms the Americans we represent.

In fiscal year 2021, Social Security Administration made around \$2.5 billion in improper Old-Age and Survivors' Insurance and Disability Insurance payments—\$2.5 billion that weren't managed correctly.

And here is the truth that we all know in the room, on both sides of the aisle. The Social Security trust fund is already in danger of insolvency, and overpayments in the amount of \$2 billion a year only threatens that insolvency even more.

Beneficiaries are largely not responsible for the improper payments, yet they bear the brunt of their overpayments of which the fiscal year 2021 number was about \$2 billion, caused hardships as

unknowing beneficiaries are forced to pay back the overpayments, sometimes decades after the improper payments are made.

And the \$518 million in underpayments from fiscal year 2021 prevents beneficiaries like seniors in Wichita or Pratt or Newton in my district on a fixed income from being able to buy medicine or put food on their table.

And high prices from Bidenflation are already causing seniors to stretch their dollars, even after a larger-than-average cost of living increase in Social Security to try to compensate for that increased inflation. They shouldn't be asked to make an even greater sacrifice due to bureaucratic blunders at SSA.

The solutions to proactively prevent improper payments and over—over and underpayments, instead of placing the burden on American taxpayers by making them repay overpayments or wait on the disbursements of underpayments, the fix should come out of the Social Security Administration.

And the Administration already has some tools. Even before I began my service in Congress, the 2015 law authorized entry into payment information exchanges—Payroll Information Exchanges, as our chairman mentioned earlier. Even the SSA said this will improve accuracy. Yet 7 years later, as noted, it has not been implemented. Then there are some recommendations from GAO and the OIG. Again, some of these recommendations have not been implemented.

And the fact of the matter is that Social Security Administration, like all of our Federal agencies, should be in the business of helping the American people, not looking for ways to make it easier to do their jobs here in Washington, D.C.

The burden of improper payments should rest on the SSA, even before such mismanagement can detrimentally impact American citizens.

Ms. Curda, you mentioned a recommendation from SSA's use of computer matching to help reduce overpayments from the current receipt of Federal workers' compensation benefits and DI benefits. Why did the GAO make this recommendation? What is the status of the recommendation?

Ms. CURDA. Thank you for that question. Yes, back in 2015, we found that SSA's internal controls for helping prevent DI overpayments due to the concurrent receipt of those worker compensation benefits relies on beneficiaries' self-reporting any of those benefits, you know, the workers' compensation benefits.

So what we found was that SSA could do more to leverage existing data to prevent overpayments to beneficiaries who are concurrently receiving those workers' compensation benefits. So we recommended SSA strengthen its internal controls, and SSA has taken steps toward implementing that recommendation. They have been working with Department of Labor on a plan to establish computer matching to exchange data with the Department of Labor.

However, as of February 2023, the plan is still a work in progress. And we understand that systems would need to be put in place to accomplish the matching, and that has yet to be accomplished.

Mr. ESTES. All right. Well, thank you. I am a big advocate of let's do it right the first time, and then we don't have to go back and fix those errors.

Acting Commissioner Kijakazi, I know that SSA is making hundreds of millions of dollars in overpayments to some of the DI beneficiaries who are also receiving the Federal workers' compensation.

Do you have updates on where SSA stands on the data matching with the Department of Labor to prevent these improper payments?

Ms. KIJAKAZI. As my co-witness indicated, we are making progress with DOL on this, and she also indicated that it requires systems improvements.

Systems improvements require sufficient funding to make those improvements. So we are working with what we have and making as much progress as we can.

Mr. ESTES. So, again, following along with her, is it—are you going to be done by the end of the year? Is it next year?

Ms. KIJAKAZI. I will take that back, and we will provide you a response in writing about the timeline for the completion.

Mr. ESTES. All right. Thank you very much. My time has expired.

I yield back.

Chairman FERGUSON. Thank you.

Next, the gentleman from New Jersey, Mr. Pascrell.

Mr. PASCARELL. Good morning, Mr. Chairman, afternoon, whatever it is. Been a long day so far.

And we already had a meeting this morning, which was a good meeting. So we are still working, thanks to the chairman and the ranking member.

You could almost predict what I am going to say, Mr. Chairman. But let me have the chance to say it anyway.

Let's set the record straight. Mr. Chairman, Chairman Ferguson, who I respect tremendously, this hearing to me is another smoke screen. It serves as a coverup for an extremist agenda to gut Social Security. That is how I perceive it, when I look at the numbers, when I look at all the suggestions.

And don't forget. We go back a little ways. There is—we were going to cut Social Security when I got into the Congress in the late nineties. And the suggestion was from the President at that time—I won't mention his name. He is not important here. We are looking at principle. Let's increase the age where you are eligible.

Chairman FERGUSON. Was his name Eisenhower? Is that about the time you got here, my dear friend?

Mr. PASCARELL. I will make believe I didn't hear that.

Chairman FERGUSON. I am just teasing.

Mr. PASCARELL. The second way was to privatize Social Security.

Now, when I was running for office in 1996 against an incumbent, when I was running, I went to my first campaign stop of senior citizens. And I thought they were going to ask me about all things other than Social Security. Really. I didn't really think it was an issue at that time until I got to the Congress. I was fortunate enough to be elected. And then I saw the raising of age of eligibility.

And when you looked at the number, Madam Director, I mean, you were blown away by what it did to Social Security in terms of its bottom line, because that is what we are really talking about here.

And so, cutting Social Security has a history. How you do it has a history. How you camouflage it has a history. We thought in cutting—in adding the age limit, going up to 97—or 67—you are listening—going up to 67, you know, wasn't really supposed to affect the bottom line of Social Security. It did. It did.

And isn't it true, Madam Director, isn't it true, correct me if I am wrong, that every year we raise the retirement age, it is a 7 percent cut in the benefits of Social Security? Is that true or false?

Ms. KIJAKAZI. True. Our actuary, our chief actuary at the Social Security Administration has reviewed the effects of raising the retirement age. And, yes, it is about 7 percent a year.

Mr. PASCARELL. Thank you.

So I don't question that we should be looking at it to see if operations cost more than they should. In fact, that is what we were talking about this morning. See, it just happened we were talking about the same thing on the same day.

It is one of our Nation's greatest success stories. You have heard the chairman. You have said it yourself. You have said it, Ranking Member.

It has lifted more Americans out of poverty than any other Federal program. In fact, I believe that if we were to get the principles that we—how Social Security was laid out, we wouldn't have as many problems in Federal programs as we do right now.

So, there is 90 years here. After 90 years, Social Security still stands as a monument to decency, dignity, and hardworking Americans. We are proud of this program. Republicans are proud. Democrats are proud.

Yet through that storied history, Social Security has been under attack. We always want to make it cheaper, if possible. How you do that, no one has really figured out, except that we have put in these alternatives and it doesn't work.

Chairman FERGUSON. Will my dear friend—

Mr. PASCARELL. Yes, sir.

Chairman FERGUSON [continuing]. Acknowledge that he is 29 seconds over his time?

Mr. PASCARELL. Well, I know that you would give me a little bit more time—

Chairman FERGUSON. I will give you—

Mr. PASCARELL [continuing]. If I asked.

Chairman FERGUSON. Okay. You didn't even have to ask, and I gave it to you.

Mr. PASCARELL. Thank you.

Chairman FERGUSON. So—

Mr. PASCARELL. I am almost done.

Chairman FERGUSON. Well, I believe—because we got a lot to do today and I know your passion for this, Billy, I really do. And we do share the same—the same view that cutting benefits is not—is not the right path. So we share that.

Mr. PASCARELL. Well, don't—don't say that, Mr. Chairman, because your own study committee came up with a report that does exactly that now.

Chairman FERGUSON. Well—

Mr. PASCARELL. I am trying to be kind and charitable here today.

Chairman FERGUSON. And—but this committee has not, and nothing will go through this committee that does. So with that—

Mr. PASCARELL. Thank you. I am glad to hear that.

Chairman FERGUSON. So with that, I will yield now to the gentleman from Utah, Mr. Moore.

Mr. MOORE. Thank you, Chairman.

And I echo my colleague from New Jersey appreciation for keeping us working. So thank you.

Thank you to the witnesses for being here today.

So what have we established? I have heard that you all have a big job to do. And I appreciate you, and I thank you for the work that you do to implement the largest budget item that we have. It is a huge responsibility, and you do a lot of good.

And so I wanted to highlight something that I have started with in a bipartisan fashion. It is called the What Works Caucus. This group is on the—it is in its infancy, but it kind of—going in from my previous experience in management consulting, coming to Congress, two vastly different experiences, I will say, as far as productivity goes, I actually still want to bring some of that to here.

And I think there is a real desire for members on both sides of the aisle to identify what programs work well, what—what best practices do we have. And I would offer that the Social Security Administration has experienced a long history of doing a very important job. And with that, there, you know, totaling upwards to \$16 billion in the last 4 or 5 years, that is still a big number as well.

So I can recognize when things are good. I can recognize when we have got areas to improve, and that is what I want to focus my questions on.

So this caucus, it is a sincere group of individuals that want to use data to find ways to improve some of the things that we have implemented. We cannot be a body that implements something and then just lets it exist for too long, and we have got to be able to introspectively look and take a look. So I welcome you and your thoughts and identify that our office is open to finding ways to do this.

The question I want to at least highlight—and I would love to hear some perspective, first, from Ms. Eickman and then Dr. Kijakazi—automation, right? I know that it is not the—you can't automate everything, and I know that workforce requires—workforce is important. But there—you know, as the demand is—is put on you for the job to do, for the next 20, 30 years, what areas can we—can we embrace automation?

Robotics was mentioned in your testimony actually. SSA began using robotic process automation, which involves the use of software to automate high-volume, labor-intensive, or repeatable tasks. This allows employees to focus their efforts on more complex actions.

I love that. That is a great—that is a great initiative, and I would just love to give you a moment to sort of give us your perspective on how is it going, what areas need to work on that.

And then, Dr. Kijakazi, if you could add your perspective to that when she finishes, please.

Ms. EICKMAN. Thank you for the question. Yes, the audit looked at a few areas where the agency is using those robotics process automation and has found time savings in using those tools.

And so, as part of our audit, we recommended that SSA further investigate the use of those tools, the cost effectiveness, and whether they can be used for additional workloads.

With the tools that are in use, however, we found that it is a very—only about half of the licensed users are actually using the tools. And so we also recommended that the agency require its employees to use those tools whenever possible.

Mr. MOORE. Excellent.

Ma'am, anything to add about your—any recommendations, finding either greater efficiencies and accuracy to reduce improper payments particularly but in general?

Ms. KIJAKAZI. Yes. So in my site visits across the country, we have learned about the robotics and the effectiveness of them, and we are encouraging them to continue with the innovation of this and implementation to the extent that we can within our budget.

In addition, I would like to add—didn't have time to cover this in my testimony—that we have worked steadily to reduce overpayments. And we—as a result, we have the low overpayment rate of one half of 1 percent for Social Security and 8 percent for SSI. And the way that we have been able to do this is by doing just as you said, using data to make improvements.

We have our annual payment accuracy reviews to identify overpayments and the reasons for them. And then the results of these reviews are used by our improper payment board to conduct root cause analysis and to identify policies and processes that need improvement.

Over the last year, we have taken additional steps. We simplified the waiver request form that was referred to earlier. And we—as I indicated before, I asked our staff to expedite the Payroll Information Exchange, and we are nearing the end of that and doing the implementation.

And I recently established a comprehensive review of overpayments. It will be led by an experienced SSA executive and will cover everything from factors contributing to overpayments, to the notices that we send to beneficiaries and how those can be made clear, and the policies and procedures and the systems that can make this a more efficient process.

Mr. MOORE. Is this group part of the Improper Payments Prevention Team? Is that a different group that you have—that you have implemented or working with?

Ms. KIJAKAZI. So the team that I just mentioned is a newly established team, just got underway last week.

Mr. MOORE. Will that move away from IPPT or will they be working in conjunction?

Ms. KIJAKAZI. The team that I put in place is taking a comprehensive look. So they will look at IPPT, as well as other work that is being done. So it is a top-to-bottom comprehensive review.

Mr. MOORE. Thank you.

I yield back. Appreciate it.

Chairman FERGUSON. Thank you.

Next, the gentlelady from California, Ms. Sánchez.

Ms. SANCHEZ. Thank you, Chairman and Ranking Member Larson.

I think everybody up here can agree that overpayments that we are discussing today can be confusing and sometimes even devastating for American seniors and people with severe disabilities who rely on those benefits to survive and can be shocked that they have been receiving overpayments.

Just a few weeks ago, I had a constituent reach out to my office about that very issue. Her son had been receiving these overpayments. And it was quite distressing to them to realize that, you know, they were essentially on the hook for the overpayments that he had been receiving.

But it doesn't escape my notice that years of underfunding has severely eroded the Social Security Administration's customer service. And you guys have a big job to do. And I think, given the volume of work that you have to do and the fact that you use 1 percent of revenue to service millions of people effectively, is not lost on me. That is a very efficiently run organization, and I would struggle to think of any, you know, Fortune 500 company who has as good a track record in terms of what they are given to work with and what they are able to accomplish with what they are given.

Just last year, SSA testified in front of this very subcommittee that the agency staffing had reached a 25-year low. That means fewer staff to assist beneficiaries like my constituent's son who had been receiving, again, those overpayments beyond the allocated amount that he was supposed to receive.

Now, we often hear from my colleagues on the other side of the aisle demanding that Social Security cuts, you know, be made. And, in my opinion, that would just further undermine the economic security of, oh, 66 million Americans who rely, many of them, solely on those benefits for their retirement.

And, in addition, those, you know, budget cuts would slash funding for an agency that is clearly already underfunded, creating, again, a bigger stress in their ability to provide the kind of customer service that all of our constituents need and deserve.

Because SSA is understaffed and under resourced, it makes it more difficult to correct issues like overpayments when they actually occur. So, it is pretty clear to me that, you know, slashing funding isn't the—you know, isn't the solution to the problem that we are seeing here.

It is clear that perhaps more resources need to be focused on those, you know, error points in order to try to have the staff and have the resources necessary to correct those problems or prevent those problems from happening in the first place. But, you know, this demand, this continual demand to cut, cut, deep cuts, deep cuts to our budget, you know, isn't going to help anything.

House Republicans have proposed to slash funding for Social Security by 30 percent. And just 3 weeks ago, as a matter of fact, every Republican member on the Committee on Ways and Means voted for that 30 percent cut to Social Security.

Commissioner Kijakazi—and I hope I pronounce that correctly—what would happen to SSA’s customer service if the agency’s budget was slashed by 30 percent? Specifically, how would that affect SSA’s ability to improve customer service for seniors and people with disabilities who might be trying to resolve an issue of overpayment?

Ms. KIJAKAZI. It would be more of a crisis than what we are experiencing now.

This gap between staffing and increased beneficiaries, that is a crisis that we have been working through. And, this year—yes, Mr. Ferguson—with the increase in funds that we received for fiscal year 2023, we pushed that money into hiring, and we brought on 7,800 new hires to get us back up to about 60,000.

But, if we receive a cut of that magnitude, 30,000, what would happen is that many of the offices in your districts would have to close. We would not have the staff to be able to operate those offices or the funds available to pay for the rent for those offices.

Ms. SANCHEZ. Do you control the rent that you pay in those field offices?

Ms. KIJAKAZI. We work with—so the field offices, some we work with GSA on; others we are working with the private sector. But there are increases in rent that we have to cover for those field offices.

Ms. SANCHEZ. I imagine that rent is probably not the only thing that you have seen increase in cost over time that your agency has to deal with.

Ms. KIJAKAZI. No.

Ms. SANCHEZ. Could you maybe elaborate on some of the other costs that have gone up?

Ms. KIJAKAZI. The increases in salaries for our employees and the increases in benefits that we provide for them so that they will be economically secure when they retire.

Ms. SANCHEZ. I appreciate your testimony today.

And I yield back, Mr. Chairman.

Chairman FERGUSON. Thank you.

I would like to enter into the record now a letter that I wrote to the GAO Office of Inspector General looking at the IT budget and how you all implement it, who is responsible for it.

You have got about a \$2-billion-a-year IT budget. And, you know, we have spent roughly \$18 billion over the last 10 years. So that is a lot of money, and, you know, we, quite candidly, just want to see the accountability for that so we can understand, when you say that you need additional funding, you know, that you can’t—you know, quite candidly, I mean, that is a lot of money coming in just on the IT side every year.

So I would like to enter that letter in, without objection.

[The information follows:]

DREW FERGUSON
GEORGIA,
CHAIRMAN



JOHN LARSON
CONNECTICUT,
RANKING MEMBER

U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY
1139 LONGWORTH HOUSE OFFICE BUILDING
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Washington, DC 20515

July 25, 2023

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Comptroller General Dodaro:

The Social Security Administration (SSA) depends on its aging information technology (IT) infrastructure to handle billions of transactions a year while serving individual members of the public, supporting other federal agencies, and processing wage records for private businesses. The need for these systems to maintain operations and stay up to date is not only critical for Social Security beneficiaries, but for every worker and business in America. Over the past decade, the SSA has spent over \$16 billion on IT and cybersecurity and has budgeted an additional \$2.1 billion for IT in fiscal year 2023.¹ Despite these sizable IT investments, upgrades to the SSA's systems continue to be delayed to the detriment of Americans seeking services from the agency.

The Government Accountability Office (GAO) has found that IT investments by the federal government, including the SSA, have too frequently failed to deliver capabilities in a timely manner. They also incur cost overruns or schedule slippages while contributing little to mission-related outcomes. These investments often lack disciplined and effective management in such areas as project planning, investment management, and program oversight and governance.²

With the SSA expending billions of taxpayer dollars each year on IT and cybersecurity, it is imperative that the agency does not squander these resources. As a result, I request that the GAO evaluate the SSA's IT investment policies and procedures for systems development and acquisition, as well as the SSA's acquisition and non-acquisition workforce that oversees and supports its IT contracts.

¹ *Justification of Estimates for Appropriations Committees Fiscal Year 2024*, SOCIAL SECURITY ADMINISTRATION (March 2024).

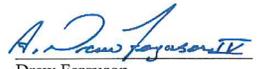
² *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, GOVERNMENT ACCOUNTABILITY OFFICE (April 2023).

As part of your review, please respond to the following questions and please consider both what the SSA can do within its existing statutory authority to improve on the value it receives from the resources it invests and what actions Congress can consider to improve the effectiveness of the SSA's IT investments.

1. How does the SSA manage and oversee its IT investments?
2. To what extent do the SSA's IT investment policies and procedures align with federal guidance and best practices on systems development and acquisition?
3. To what extent do the SSA's IT investment practices adhere to its policies and procedures?
4. To what extent do the SSA's IT investment policies and procedures ensure the agency receives the expected performance over the lifetime of an investment?
5. To what extent has the SSA assessed its acquisition workforce to ensure that it has the capacity and skills to award, manage, and oversee contracts to support SSA's IT investments?
6. To what extent has the SSA identified (a) non-acquisition personnel supporting acquisitions; and (b) non-acquisition personnel's acquisition training needs?

If you have any questions concerning this matter, please contact Shaun Freiman, the Chief Social Security Counsel and Deputy General Counsel, at 202-225-3625.

Sincerely,


Drew Ferguson
Chairman
Subcommittee on Social Security
Committee on Ways and Means

Chairman FERGUSON. And, as we go through this, again, there is going to be a lot of debate, you know, on the importance of this program, but, again, today, our focus is on how do we prevent improper payments.

Because I think what is getting lost in it—and, again, we all applaud the good work that so many do in the agency, in the administration. But we are talking about \$2.5 billion a year in improper payments on Social Security and about \$7.5 billion, you know, if you add in disability. So it is still a massive amount of money. And we have to get that piece right. And we have to cut that—we have to cut down on that.

So, with that, I will now yield to the gentleman from Iowa, Mr. Feenstra.

Mr. FEENSTRA. Thank you so much, Chairman Ferguson and Ranking Member Larson.

And I think Chairman Ferguson nailed it on the head, is that, you know, the bottom line is, we have to find solutions to improper payments. And this could be overpayment and it could be underpayment; it can be both.

And I don't think it helps anybody in this room when we politicize this. It just seems like I hear that in several discussions that have been created in here. It is like, let's get to solutions.

So that is what I want to talk about.

Ms. Curda, I am thinking about my district, and I am thinking about my constituents and the calls that I get, right? So I am a frontline person. The constituent innocently says, hey, I got this letter, blah, blah, blah, I need help.

So our next step is calling the administration. And I am just trying to figure out what solutions can we have. You know, there are extra steps. My district handles these casework loads, and it seems like we have extra delays based on these mix-ups, correct?

Can you explain what processes should be improved that would improve rectifying improper payment errors in a timely fashion after they have been found?

And this can be the error on the person too. I mean, it goes both ways.

But do you have any solutions to trying to create a shorter timeframe when these things happen?

Ms. CURDA. Our work has focused on things like prevention and recovery and so forth. We haven't looked at the timeliness, that piece of it, the timeliness of getting that resolved. And it might be better directed at the OIG or SSA, that question.

Mr. FEENSTRA. Okay.

Would you have any—can you answer that question?

Ms. EICKMAN. Could you rephrase the question, please?

Mr. FEENSTRA. Yeah. So my question is, what solutions do we have?

So we have a massive time delay. When a constituent often gets a letter and says I have overpaid, underpaid, whatever it might be, and we try to do our constituent work, and it takes months to try to rectify that problem, there has to be a solution here.

I mean, what can we do to, you know—total quality management here—to shorten that timeframe?

Ms. EICKMAN. The OIG hasn't done any audit work to look at the timeframe from when a beneficiary is notified of the overpayment to when any further action has been taken. That is something that we can consider for future audit work.

Mr. FEENSTRA. Yeah.

Could I talk to Acting Administrator Kijakazi?

Ms. KIJAKAZI. "Kijakazi."

Mr. FEENSTRA. There you go.

Ms. KIJAKAZI. You got it.

Mr. FEENSTRA. Yes. What are your thoughts on that?

Ms. KIJAKAZI. So the intent of the Payroll Information Exchange is just that, to have the earnings of beneficiaries reported automatically, and so then the adjustment to benefits can be made timely, automatically.

So that is what we are trying to put in place. And, yes, it has taken time, but it is important that it is done right so that we are not creating additional errors. And so we have taken the steps to do this right, and we have expedited it.

But this is one way to reduce that timeline between when a change occurs and when an adjustment is made.

Mr. FEENSTRA. Yeah. I would urge you, if possible, to audit and try to figure out how you can narrow that timeframe. Because on the other end is somebody that is worried about that over- or underpayment, whatever they are owed or not owed. And as me, being on the front lines with that constituent, you know, there is a lot of uncertainty and angst, and we are trying to resolve that if possible.

Ms. KIJAKAZI. I understand.

Mr. FEENSTRA. Yep.

And, then, if I could ask: On the Ticket to Work program, sort of the same situation.

So, on the Ticket to Work program, Administrator, why is the SSA limiting the Employment Network's, the EN's, role in assisting ticket-holders in reporting wages? Is this an official policy of the SSA and included in the Program Operations Manual System?

Ms. KIJAKAZI. So I would like to take that question back. We have a component that works specifically on Ticket to Work and does research on that. So I would like to be able to provide you with a specific response to your question, so I will take that back.

Mr. FEENSTRA. Yeah, I would like that. I just think that there is so much on that employee network, what can be done. I think there are efficiencies that can be made there also, but we have to allow that to play out.

So, with that, thank you for being here.

And I yield back.

Chairman FERGUSON. Thank you.

Next, we will go to the gentleman from Florida, Mr. Steube.

Mr. STEUBE. Thank you, Mr. Chairman.

We are here today because of the failure of the Social Security Administration to administer payments to beneficiaries. Over the last 5 years, the Social Security Administration made roughly \$13.9 billion in overpayments and \$2.5 billion in underpayments.

According to an investigation by KFF Health News and Cox Media Group that was published last month, lower-income Ameri-

cans across the country, including individuals receiving disability benefits, are being called on to repay the government in amounts that are in the tens of thousands of dollars.

In a disclosure covering some of the programs involved—Old-Age, Survivors, and Disability Insurance, what we refer to as Social Security and Disability Insurance—the agency reported issuing about \$2 billion of overpayments in the 2022 fiscal year, of which about \$1.5 billion was, and I quote, “within agency control.”

The process to resolve these issues is difficult and time-demanding. And the victims of this failure from the government are virtually all senior citizens or individuals with significant disabilities.

Ordinary citizens are being punished for government failure and distracting them from living their basic life, which for many is overcoming and battling the disabilities that cause them to need assistance in the first place.

Imagine living paycheck to paycheck with no savings as a result of an injury preventing you from working again and receiving a message from the Federal Government saying you owe them tens of thousands of dollars because of the government’s mistake, not your mistake.

The Biden administration’s Social Security Administration has failed the American people, and the result of their failure is to demand the American people pay for the mistakes of the Biden administration.

I am still waiting for the day when someone in the administration will be held accountable. No one in the Department of Defense has been held accountable for our Afghan withdrawal. No one at Department of Homeland Security has been held responsible for our immigration crisis. No one at Department of Justice has been held responsible for weaponizing law enforcement against political opponents. No one at the Department of Energy has been held responsible for crippling our domestic energy. And it is my guess, based on seeing a thing or two in the Biden administration, that no one in the Social Security Administration will be held responsible for these over- and underpayments.

The Social Security Administration affects almost 67 million Americans that receive benefits each year. Improper payments made by the SSA have affected millions of Americans, according to the Urban Institute, where the Commissioner was previously a fellow.

Again, we are talking about senior citizens and Americans with significant disabilities, and we have an administration that is punishing them for their mistakes.

Commissioner, referring to the \$2 billion in overpayments in 2022, of which 75 percent of that was, quote, “within the agency’s control,” the Social Security Administration said, and I quote, “The beneficiary or third party provided the information we requested, but we failed to use the data or information to validate accuracy prior to making a payment.”

So I ask, who in the Social Security Administration is failing the American people?

Ms. KIJAKAZI. I disagree with your assumption that someone in the Social Security Administration is failing the American people.

Mr. STEUBE. So who made those mistakes, then? Because there is \$2 billion in overpayment in 2022 that was not the fault of the taxpayer, correct? It was not the fault of the taxpayer in the overpayment, correct?

Ms. KIJAKAZI. I will take a look at the numbers that you are providing—

Mr. STEUBE. Well, that is the whole purpose of this hearing, is the overpayments.

So the overpayments for my—what is being reported that I just cited from your own agency is not due to the fault of the taxpayer. Is that correct?

Ms. KIJAKAZI. There are overpayments that are not due to the fault of the taxpayer.

Mr. STEUBE. Okay. So those that are not due to the fault of the taxpayer, regardless of what the number is—we are talking billions of dollars—who within the administration is being held accountable for the mistakes that the Social Security Administration is making?

Ms. KIJAKAZI. We are holding ourselves accountable by—

Mr. STEUBE. How are you doing that?

Ms. KIJAKAZI. By assiduously working to reduce the overpayments through the steps that I just told you about, which I will reiterate and start out first with: Our overpayment rates are low, at one-half of 1 percent for Social Security and 8 percent for SSA. And we were able to reduce them to that amount by taking steps such as annual payment accuracy reviews to identify overpayments and the reason for them. And then the results of these reviews are used by our improper payment boards to conduct root-cause analysis and to identify policies and process enhancements.

And, over the past year, as I indicated, we have simplified the waiver request form—

Mr. STEUBE. All right. Well, I have only got 30 seconds left, so I don't mean to interrupt you, but my time is limited.

So I want to go to page 5 of your testimony. And you state, and I quote, "Our goal is to ensure that overpayment recovery does not unduly burden those in underserved, vulnerable, or marginalized communities."

Are you referring to minority communities in that statement?

Ms. KIJAKAZI. We are referring to very low-income communities as well as communities of color or who are facing other barriers.

Mr. STEUBE. So are you going to be treating someone of a different race differently based on the law just because they are in a marginalized or a racial different community?

Ms. KIJAKAZI. What we do is work with whoever has an overpayment who is going to have difficulty repaying that. And that is not based on race or gender or anything else that you just indicated. That's—

Mr. STEUBE. Well, I am using your words, not mine. You said "underserved, vulnerable, or marginalized communities." I am trying to understand what that is.

Ms. KIJAKAZI. And I am clarifying—

Mr. STEUBE. The role of the Social Security Administration is to administer payments to beneficiaries fairly. And that statement

of yours is inconsistent with that mission. We should be treating all Americans the same.

I yield back.

Chairman FERGUSON. Thank you.

Next, my friend from Michigan, Mr. Kildee, you are recognized.

Mr. KILDEE. Thank you, Mr. Chairman. And thanks for holding this very important hearing.

I do agree with some of the comments made by my colleagues, particularly those concerned about the Social Security Administration not having adequate resources in order to prevent all sorts of problems, including overpayments. Because, at the end of the day, no senior struggling to make ends meet should be pushed further into poverty because of any mistake in overpayment or anything else.

And just following up on my colleague who just finished, Congress has some responsibility, if we really want to take this to who is responsible, if Congress continues to fail to provide the Social Security Administration the resources it needs to address the whole range of problems that you are charged with.

It is an easy thing to do, to sit up on this dais and blame the people who are being under-resourced to do a job that is difficult for them to do because Congress isn't doing its job.

So, I am not asking you to comment on that. I just would like to make that a part of the record.

But I would like to take this opportunity to just address an unrelated issue, and it is the impact of the declining value of Supplemental Security Income personal needs allowances.

This is an issue that has come to my attention over the years, but, most recently, an older gentleman in my district, who is severely disabled, lives in a nursing home—he has for about 6 years now, and he relies on the personal needs allowance, PNA, for the basics—a new pair of socks when the old ones wear out, toiletries that he doesn't get from the nursing home, something as simple as a birthday card for his grandchildren. It has gotten harder for him to do those very simple things because of the lack of support through the personal needs allowance.

And this is not just a problem in my district. We have it all across the country in every one of the States and districts represented on this dais. Over 100,000 people in this country rely on those payments.

When we last updated PNAs, we set a floor at \$30 a month for an individual, but without any mechanism to accommodate the rising cost of basic goods and services, like we do with the Social Security Supplemental Security Income payments themselves. Unlike that, the value of PNAs has, in real dollars, dropped.

That means that the most vulnerable seniors with severe disabilities living out their later days in a nursing home find it harder and harder to take care of themselves. And that is just unacceptable. It is something we need to address.

And I wonder if you know—and if not, I can maybe offer a thought on—how long it has been since we increased that number for the PNAs for people who rely on those.

Ms. KIJAKAZI. 1987.

Mr. KILDEE. 1987. So, when you think about the value of \$30 in 1987 and what it can purchase today, it is a pretty big difference. Thirty dollars is worth about \$12 in today's terms. That is a 60-percent loss of value.

And so, from my perspective, I just wonder if you could comment—because I am sure you hear of more of these cases than we do—what impact that has on the lives of people who are just trying to make ends meet.

Ms. KIJAKAZI. Well, it certainly makes their lives much more difficult, at a time when, as you said, they are very elderly and they are in nursing homes or what have you. It is already kind of a tough situation, and to not have sufficient PNA just makes it harder.

Mr. KILDEE. So, if we were to make the decision as a Congress that we are going to apply the same principle to personal needs allowance that we do to other aspects of this benefit, something as simple as a cost-of-living allowance based on the index that is applied to Social Security Supplemental Security Income payments themselves, would that make sense to you?

Ms. KIJAKAZI. So I am not able to provide an opinion about a policy. But what SSA does do is to provide technical assistance, and also our Office of the Chief Actuary will cost out the impact of it.

Mr. KILDEE. Well, I appreciate that, and I hope we can work together on that.

And I know this is—I hope—a concern that is shared across the dais and across the aisle here. I am sure that it must be. And perhaps we can work together to make sure we address this really important question.

Thank you all very much. Thank you all for your testimony and for the work that you do every single day.

I yield back.

Chairman FERGUSON. I thank the gentleman.

Now, the gentleman from Tennessee, Mr. Kustoff, you are now recognized.

Mr. KUSTOFF. Thank you, Mr. Chairman.

Thank you to the ranking member.

And thank you to the witnesses for appearing today.

Acting Commissioner Kijakazi, if I could, if I could ask you about notification, because I think you talked about this in your testimony. And if I could just ask you broadly, when you have determined, when your agency has determined, the administration has determined that a recipient has been overpaid, how do you procedurally notify them?

Ms. KIJAKAZI. Thank you for your question.

We issue a written notice to the beneficiary, which is mailed out to them. And we explain that they were overpaid, the reason for the overpayment, and the amount of the overpayment.

And, generally, the notice requests a full and immediate refund and describes a proposed rate of benefit withholding. However, the notice to SSI beneficiaries indicates that they can repay the amount that they can afford monthly.

The notice also explains the right to request an appeal, a waiver, or a different rate of withholding.

Mr. KUSTOFF. So, if I could—and the way we all get information and consume information and receive notices has changed. And I realize the Social Security Administration may be different. But are there more efficient ways to notify a recipient that he or she has been overpaid rather than in the mail?

And I guess the focus of my question is, mail is slow. This is not your responsibility, but it is not as dependable as it once was. And fewer and fewer people use the mail.

So is there a more efficient way and maybe, frankly, a way that is more cost-efficient to the Social Security Administration rather than using mail?

Ms. KIJAKAZI. This is one of the areas that the review that we just put in place is going to look at. So what is the most efficient way to go about this? Are we doing this in the most efficient way, with respect to our notices? And what are the procedures that we may want to change? What are the policies we may want to change? What are the systems improvements that we might want to make that would be better than what we are doing now?

Mr. KUSTOFF. All right.

So, process-wise, again, you mail a letter. And how long do you give the recipient to respond in some form or fashion?

Ms. KIJAKAZI. Sixty days from the date on the letter.

Mr. KUSTOFF. And, if he or she does not respond in 60 days, then what?

Ms. KIJAKAZI. Then we proceed with making the reductions in benefits.

If we hear from them, then we can work with them. If they want to request a waiver, there is not a time limit on when they can request a waiver. They can do that.

Mr. KUSTOFF. All right.

So the statistics that I have show that the recovery rate for fiscal year 2022 was about 21 percent. Do you know how that recovery rate compares to pre-pandemic?

Ms. KIJAKAZI. I do not have that information now, but I can take that back and provide you with that.

Mr. KUSTOFF. Okay. I guess my point is, when I see 21 percent, if that is the actual number, that is not very impressive. And, again, I don't know, pre-pandemic, if the success rate was higher or lower.

So I guess my question is and if you could respond at some point after the hearing number one, is that statistic for 2022, is that correct? And if it is or if it is not, how does that compare to the years prior to the pandemic?

And maybe, third, since my time is running short, based on the resources that you have now, how do we improve that rate?

Mr. KUSTOFF. And, with that, Mr. Chairman, I will yield back the remainder of my time. Thank you.

Chairman FERGUSON. Thank you.

Now, the gentleman from Ohio, my dear friend Mr. Carey, is recognized.

Mr. CAREY. Thank you, Mr. Chairman. I just want to applaud you and the ranking member for having this hearing.

You know, one of the things we do as Members of Congress is, we have our district offices. And many of the times, that is where

we get the calls that come in. I represent an area of central Ohio, but I also have the Miami Valley, which goes out towards Dayton, Ohio. And in one of our weekly meetings, all of a sudden, we started seeing a number of calls coming in from constituents that were concerned that they were getting these letters from Social Security saying that they had been overpaid.

Now, these are people that, you know, they were living by the rules, they thought they were doing everything fine, and all of a sudden they get a letter that says they have this overpayment. And, you know, you can understand how concerning that would be.

So I know we have talked a lot about the numbers and the dollars with the overpayments. I think one of the things that I was asked by our local media, and I think it is something that we really need to get to the bottom of, is about—we really just haven't discussed how many people have been impacted.

Do we have a number of how many people have been impacted by these overpayments?

Dr. Kijakazi.

Ms. KIJAKAZI. We do. And I am—I looked at that before I came. I am sorry, I am not thinking of the number right now, but I can provide that.

Mr. CAREY. Yeah.

And I guess as a followup on that, I mean, if we don't know how many people have received it, how many people are receiving overpayment notices in a year? Maybe just in a given—do you have any idea?

Ms. KIJAKAZI. So, for the number of beneficiaries experiencing an overpayment each year, for fiscal year 2022, 1,028,389; for fiscal year 2023, 986,912.

Mr. CAREY. So wait a minute. So—

Ms. KIJAKAZI. This is under Social Security.

Mr. CAREY. So 912—

Ms. KIJAKAZI. 986,912.

Mr. CAREY [continuing]. Individuals were getting these letters in the mail—

Ms. KIJAKAZI. Yes.

Mr. Carey [continuing]. Saying that there was an overpayment and that they needed to contact you guys and set up a payment plan.

Ms. KIJAKAZI. That is right.

Mr. CAREY. Seems like an awful lot. You can imagine that is—you know, when you have all the districts across the country, that is why we are getting inundated with these calls. And that is why I want to applaud my colleagues for having this hearing to kind of understand what we can do better on that.

Along that line, Ms. Eickman, when a beneficiary has this overpayment, many of them know to call their congressional offices, all right, but a lot of them don't. And, you know, we have staff caseworkers that work very well with the constituents, and we work through the process.

But does SSI apply its waiver policies consistently across the country, or is it different with the different offices?

Ms. EICKMAN. We have conducted an audit where we did find inconsistencies among offices. So we looked at waiver rates among

field offices, and we found groups of field offices that had very high waiver rates and other field offices that had very low waiver rates.

Mr. CAREY. Dr. Kijakazi, when you said that the—if—because I know how often I check my mail, right? I would probably get a big packet like this.

But, once somebody gets that letter and it is over the 60 days—maybe they didn't see it, and 60 days elapses. They get their check. All of a sudden, the money has been taken out. Now, once they realize, they go through our office, they call you guys directly—which, I understand the staffing issues, but the 1-800 numbers are very long. Sometimes they ring busy. Sometimes there is a 36-minute wait.

But—so they make this call to you guys, and they say, "Listen, I can't afford more than \$5, but a lot more was taken out from the check before." Can they get that reimbursed?

Ms. KIJAKAZI. They can ask to appeal the decision, and they can ask to not have anything taken out until a decision is made about the appeal.

And we can work with them on—if they don't want to appeal, we can work with them on what is affordable in terms of what is being taken out for SSI.

Mr. CAREY. Real quick, Dr. Kijakazi. One more time, because I would like everybody to hear this one more time. How many people were affected in fiscal year 2022 and fiscal year 2023?

Ms. KIJAKAZI. For Social Security, fiscal year 2022, 1,028,389 people; for fiscal year 2023, 986,912 people.

Mr. CAREY. Thank you.

I thank the witnesses.

And, Mr. Chairman, I yield back.

Chairman FERGUSON. Thank you.

I would now like to thank our witnesses for appearing today. We appreciate your expert testimony but also the work that you do. Please know that, you know, this is an important issue to this subcommittee and to the entire committee. And we appreciate your diligence on this and your willingness to be here to answer questions and provide additional answers down the road.

With that, I would like to advise members—please be advised that members have 2 weeks to submit written questions to be answered later in writing.

Those questions and your answers will be made part of the formal hearing record.

Chairman FERGUSON. And, with that, the subcommittee stands adjourned.

[Whereupon, at 3:42 p.m., the subcommittee was adjourned.]

MEMBER QUESTIONS FOR THE RECORD



SOCIAL SECURITY
Office of Retirement and Disability Policy

January 16, 2024

The Honorable Drew Ferguson
Chair, House Ways and Means Subcommittee on Social Security
US House of Representatives
Washington, DC 20515

Dear Subcommittee Chair Ferguson,

Thank you for your December 18, 2023 letter regarding my October 18, 2023 testimony before the Ways and Means Subcommittee on Social Security, and your expectation that the Social Security Administration (SSA) be forthright with the Committee, providing prompt correction of misstatements when necessary.

First, I want to assure you that we do not take your concerns lightly. We understand that one of our primary responsibilities is to provide you and other policymakers with the information you need. Transparency is of the utmost importance to all of us.

Second, we share your interest in identifying ways to prevent overpayments before they occur, and providing beneficiaries with adequate notice when overpayments do occur. We are committed to improving both our program accuracy and our overpayment processes, so that fewer people experience the challenges that may be associated with an overpayment.

As you know, we recently established the Overpayment Review Team, led by an experienced SSA executive who is reporting directly to the Office of the Commissioner. This agency-wide team is conducting a holistic assessment of how our administrative procedures influence our overpayment processes. This work complements the other ongoing efforts to improve payment accuracy I discussed during my testimony.

Finally, your letter requested that we provide responses to a few specific items:

- We are unfortunately unable to provide the number of people who receive overpayment notices from SSA each year. Our financial reporting systems track debt and transactions rather than individuals with debts or notices. We are working to determine the best way to quantify overpayments in our programs.

The Honorable Drew Ferguson

- We have reviewed all the overpayment information that we have provided to the Ways and Means Committee. Our Office of Legislation and Congressional Affairs has been in contact with your staff.
- On behalf of the agency, I commit to promptly informing the Committee of any discrepancies that we identify going forward.

We look forward to working with you to make meaningful improvements for the people who depend on our programs.

Enclosed are answers to questions for the record from the October 18, 2023 hearing, "Protecting Beneficiaries from the Harm of Improper Payments." I hope this information is helpful. If you have additional questions or wish to discuss this issue in more detail, please do not hesitate to contact me, or have your staff contact Tom Klouda, our Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358 - 6030.

Sincerely,



Kilolo Kijakazi, Ph.D., M.S.W.
Deputy Commissioner
Retirement and Disability Policy

cc:
Representative Mike Carey
Representative David Schweikert
Representative Ron Estes
Representative Blake Moore
Representative Randy Feenstra
Representative W. Gregory Stuebe
Representative David Kustoff

Enclosure – The Honorable Drew Ferguson

**Questions for the Record
House Committee on Ways and Means
Subcommittee on Social Security**

**"Protecting Beneficiaries from the Harm of Improper Payments"
October 18, 2023**

Questions from Representative Carey

1. **How many total improper payment notices went out in Fiscal Year (FY) 2021, FY 2022, and FY 2023? Including those who receive Social Security Old-Age and Survivors Insurance (OASI), Social Security Disability Insurance (DI), and Supplemental Security Income (SSI).**
 - a. **For each of those years, how many of those improper payment notices were overpayments?**
 - b. **For each of those years, how many of those improper payment notices were over[under]payments?**

Our financial reporting systems track debt and transactions rather than individuals with debt or notices. Therefore, we are unable to provide the requested information on improper payment notices. Not all overpayments are improper payments; unavoidable payments are not considered improper payments if statutes, regulations, or court orders require us to make the payment.

In October 2023, I established the Overpayment Review Team, led by an experienced SSA executive reporting directly to the Office of the Commissioner. This agency-wide team is conducting a holistic assessment of how our administrative procedures influence our overpayment process, including internal controls to prevent overpayments, notices, and public information materials.

The review team is gathering information to develop a plan and inform next steps. As part of its review, the team is assessing available data and considering what additional data we need to make meaningful improvements for our customers. The team will collect information across all levels of the organization, especially from front-line employees, to further understand the administrative factors that contribute to overpayments. It will also consider potential inequities in the overpayment recovery process and people's experience interacting with us. We will examine our policies, procedures, and regulations to determine where administrative updates to the overpayment recovery and waiver process may reduce the complexity and burden for the people we serve.

Enclosure – The Honorable Drew Ferguson

2. **Can you provide a breakdown of how many total improper payment notices went to beneficiaries receiving Social Security, how many went to those receiving SSDI, and how many went to those receiving SSI?**

Please see our response to question 1.

3. **Can you provide a breakdown of how many beneficiaries in each of these years – FY 2021, FY 2022, FY 2023 – received overpayments from SSA? Can you break this down also by OASI, DI, and SSI?**

Please see our response to question 1.

4. **Can you provide a breakdown of how many beneficiaries in each of these years – FY 2021, FY 2022, FY 2023 – received underpayments from SSA? Can you break this down also by OASI, DI, and SSI?**

Please see our response to question 1.

5. **At the end of FY 2023, what was SSA's uncollected overpayment balance? How many beneficiaries comprised those overpayments?**

We track our uncollected overpayment balance, which includes the cumulative uncollected overpayment debt totals for FY 2023 and prior fiscal years. We are tracking \$23 billion as the total amount through FY 2023.¹

Our systems limitations prevent us from isolating data about the number of beneficiaries affected.

Questions from Representative Feenstra

1. **Why is the SSA limiting the Employment Networks' (ENs') role in assisting ticketholders in reporting wages? Is this an official policy of the SSA and included in the Program Operations Manual System?**

We do not limit the ENs' role in assisting ticketholders with reporting wages. We ask ENs to encourage ticketholders to use our free, automated wage reporting methods (i.e., [my Social Security](#) account, mobile wage reporting, and the SSI Telephone Wage Reporting Service), which do not require an in-person visit or mailed paystubs. Ticketholders may report wages to their local office if they prefer or have no alternative.

We designed our automated reporting methods to provide more convenient customer service options and to help us identify and process time-sensitive wage information, which help reduce improper payments.

¹ Social Security Administration, *Agency Financial Report: Fiscal Year 2023*, [Fiscal Year 2023 Agency Financial Report \(ssa.gov\)](#).

Enclosure – The Honorable Drew Ferguson

2. Given ENs are one of the first to know about ticketholders' earnings, why hasn't SSA made it easier for ENs to report those earnings for the ticketholder, when this is how ENs report to get paid in the first place?

ENs cannot use the automated wage reporting methods noted above. In 2015 we established the online portal for ENs to report ticketholder wage-related information for EN payment purposes; this portal is not intended to be a substitute for beneficiary reporting.

There are limitations to relying on earnings information from ENs for benefit determination purposes. Generally, ENs report wages for months when they are due a payment under the Ticket to Work program; therefore, there may be ticketholder earnings that an EN does not report because those earnings would not generate an EN payment. Moreover, the wage data ENs report do not always include the entire period of work or other information (e.g., vacation pay) we take into consideration when making a benefit determination. In addition, there is a delay in EN-reported earnings because ENs typically wait for the earnings to reach the necessary threshold for requesting payments (i.e., the month after the wages have been earned).

We rely on ENs to encourage ticketholders to report their wages to us when there is a return to work, an increase in the amount of work, or an earnings increase so that accurate and timely wage information can be updated in our system.

3. Could ENs not use that type of electronic reporting system to submit ticketholder earnings in the effort to reduce overpayments to the ticketholder as well?

The EN portal was designed to facilitate EN payments. It is not a wage reporting tool. When ENs submit wages through the portal, they are considered third-party allegations. Therefore, technicians must take steps to ensure the information is appropriate and accurate (e.g., contacting the beneficiary). If an EN uses the portal to submit a paystub and the ticketholder's earnings are insufficient for EN payment, we will not enter those earnings into our systems.

4. One of the recommendations of the May 2022 OIG report was to create an integrated benefit computation resource that includes assistance offered by existing tools. Has there been progress on that resource, and if so, do you see it being implemented in the near future?

We have been working on the computation resource and expect to implement the recommendation this fiscal year.

Question For The Record
Tonya Eickman
Program Audit Division Director, Office of Audit
Office of the Inspector General, Social Security Administration
to the United States House of Representatives
Committee on Ways and Means, Subcommittee on Social Security
in the Hearing entitled
“Protecting Beneficiaries from the Harm of Improper Payments”
on October 18, 2023

Q1: Family separations which include additional non-work-related payments to the custodial guardian, like child support and stipends from local governments or organizations that can lead to overpayments. These can occur in SSI and SSDI if there isn't immediate knowledge that these payments contribute to the monthly earnings limit.

In your opinion does the SSA provide sufficient assistance to beneficiaries on how and when to report these non-work types of income to prevent overpayments? If not, how can it be improved to prevent improper payments?

A1: SSA informs individuals of their reporting requirements during the application process, in their award letters, and in periodic correspondence. For example, SSA provides the following information, which includes reporting responsibilities, to beneficiaries and recipients.

[What You Need to Know When You Get Supplemental Security Income \(SSI\) \(ssa.gov\)](#)

[What You Need to Know When You Get Social Security Disability Benefits \(ssa.gov\)](#)

[What You Need to Know When You Get Retirement or Survivors Benefits \(ssa.gov\)](#)

OIG work shows that recipients may fail to report or falsely report information that may impact their payments. For example, see OIG reports [Accuracy of Supplemental Security Income Recipients' Reports of Separation \(ssa.gov\)](#) and [Child Support and the Supplemental Security Income Program \(ssa.gov\)](#).

SSA can prevent improper payments caused by its reliance on self-reporting by expanding efforts to collect data from reliable third-party sources.

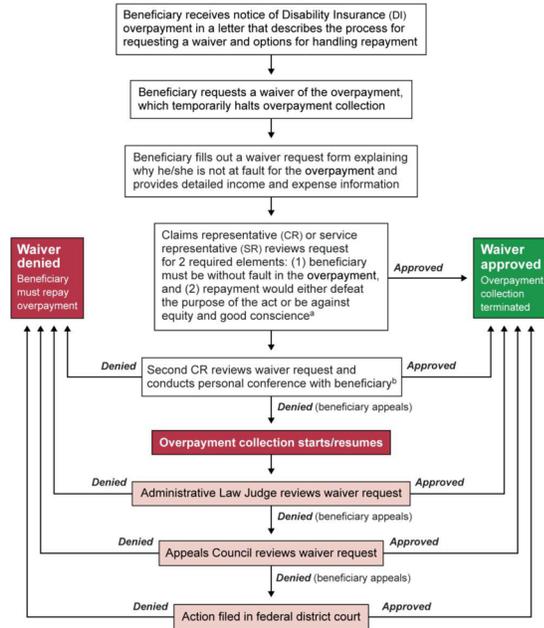
GAO Response to Question for the Record:

Can you explain what processes should be changed to improve rectifying improper payment errors in a timely fashion after they've been found?

According to SSA's website, if an individual receives an overpayment notice and does not believe the amount is correct, the individual can appeal by filing Form SSA-561, Request for Reconsideration. The form asks the individual to explain why the overpayment amount listed in the notice is not correct. SSA will stop recovering the overpayment until they make a decision on the request for reconsideration. The form should be sent to the individual's local Social Security office.

GAO has not conducted a review of SSA's process for reviewing Form SSA-561. However, our report, [Disability Insurance: SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries](#), examined the process SSA uses to process requests for overpayment waivers. The figure below illustrates the steps in this process.

Social Security Administration Procedures for Processing DI Beneficiary Waiver Requests



Source: GAO analysis of Social Security Administration procedural guidance. | GAO-16-34

- a. SSA can administratively waive overpayments under \$1,000 without consideration of the second criterion, if there is no indication the beneficiary was at fault.
- b. SSA stated that it cannot deny a waiver request until the beneficiary has the opportunity to have a personal conference by an impartial decision maker. If the beneficiary is offered but declines the personal conference or does not show up for his or her personal conference, the next level of appeal is a reconsideration.

GAO-16-34 found that SSA's processes for handling requests to waive overpayments lack sufficient controls to ensure appropriate decisions are made, especially those involving low dollar amounts. We reported that two reviews—conducted by SSA and SSA's Office of Inspector General (OIG)—found documentation and other errors in Disability Insurance (DI) and other waivers. In addition, a 2015 OIG study found significant variation in DI and other waiver approval rates among field offices, and noted that some field offices with high waiver approval rates also had a high incidence of waivers under \$1,000, which require less documentation. We found that, without additional oversight, such as targeted reviews of DI waivers, staff may systematically waive overpayments incorrectly, particularly those involving low dollar amounts.

Our report made several recommendations, one of which pertained to SSA's waiver policies. Specifically, we recommended that to improve compliance with waiver policies, SSA should develop a timetable for implementing updates to its Debt Management System to: (a) align system controls with SSA policy, so that waivers over \$1,000 cannot be administratively waived; and (b) ensure that evidence supporting waiver decisions is sufficiently maintained to allow for subsequent monitoring and oversight.

SSA took action to address this recommendation. As of September 2020, SSA was in the process of updating its Debt Management System to include controls to prevent users from administratively waiving overpayments that are above \$1,000. SSA also reported that updates to the Debt Management System will improve the retention of evidence supporting waiver decisions. These actions will help ensure that staff make waiver decisions in accordance with SSA policies.

Based on our prior work, it is unclear whether SSA's process for reviewing requests for reconsideration of overpayments faces similar vulnerabilities. An examination of this process by the OIG or GAO could be warranted.

PUBLIC SUBMISSIONS FOR THE RECORD



October 18, 2023

The Honorable Drew Ferguson
 Chairman
 Subcommittee on Social Security
 Ways & Means Committee
 U.S. House of Representatives
 1139 Longworth House Office Building
 Washington, DC 20515

The Honorable John Larson
 Ranking Member
 Subcommittee on Social Security
 Ways & Means Committee
 U.S. House of Representatives
 1129 Longworth House Office Building
 Washington, DC 20515

Dear Chairman Ferguson and Ranking Member Larson:

AARP, which advocates for the more than 100 million Americans age 50 and older, thanks you for holding today's important hearing on *Protecting Beneficiaries from the Harm of Improper Payments*. We appreciate your timely attention to this issue and your leadership in improving the service provided by the Social Security Administration (SSA).

AARP believes that Americans should receive the Social Security and Supplemental Security Income benefits they have earned and for which they are eligible, and efforts by Congress and SSA to improve the process for addressing overpayments, especially via earlier identification and more timely notice of overpayments, are worthwhile objectives. Earlier identification by SSA would help prevent what can be shocking and overwhelming notifications, often out of the blue, that a beneficiary owes significant sums of money to SSA, money that has likely already been spent. Earlier identification and more timely notices would also reduce the total dollar amount of overpayments an individual receives, making repayment of these sums more achievable and with less financial harm to the beneficiary.

At the same time, in order to help SSA make these and other service improvements, it is imperative that Congress provide the agency with the funding it needs. Social Security has a responsibility and a duty to provide timely and quality service to the public, and Congress has a duty to ensure the agency has the resources and oversight necessary to fulfill its mission. For too long, Congress has underfunded SSA, leading to increased customer service deficiencies that have become far too common.

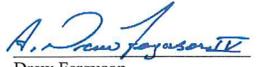
AARP continues to urge Congress to approve \$15.5 billion for SSA administrative expenses for FY 2024. With this additional funding, we expect SSA to make long-overdue improvements in service to meet the needs of the American public. We further urge Congress to provide \$1.870 billion for program integrity, which is essential to reduce overpayments and help maintain public confidence in SSA's ability to prudently administer their vital programs.

As part of your review, please respond to the following questions and please consider both what the SSA can do within its existing statutory authority to improve on the value it receives from the resources it invests and what actions Congress can consider to improve the effectiveness of the SSA's IT investments.

1. How does the SSA manage and oversee its IT investments?
2. To what extent do the SSA's IT investment policies and procedures align with federal guidance and best practices on systems development and acquisition?
3. To what extent do the SSA's IT investment practices adhere to its policies and procedures?
4. To what extent do the SSA's IT investment policies and procedures ensure the agency receives the expected performance over the lifetime of an investment?
5. To what extent has the SSA assessed its acquisition workforce to ensure that it has the capacity and skills to award, manage, and oversee contracts to support SSA's IT investments?
6. To what extent has the SSA identified (a) non-acquisition personnel supporting acquisitions; and (b) non-acquisition personnel's acquisition training needs?

If you have any questions concerning this matter, please contact Shaun Freiman, the Chief Social Security Counsel and Deputy General Counsel, at 202-225-3625.

Sincerely,


Drew Ferguson
Chairman
Subcommittee on Social Security
Committee on Ways and Means

