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THE FINANCIAL RISK OF RETURNING TO WORK

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

JUNE 16, 2015

Serial No. 114–SS02

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PUBLISHING OFFICE

21–289 WASHINGTON : 2016

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
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CONTENTS

	Page
Advisory of June 16, 2015 announcing the hearing	2

WITNESSES

Daniel Bertoni, Director, Education, Workforce, and Income Security, Government Accountability Office	29
David A. Weaver, Associate Commissioner, Office of Research, Demonstration, and Employment Support, Social Security Administration	6

QUESTIONS FOR THE RECORD

Questions from The Honorable Sam Johnson, Chairman, Subcommittee on Social Security, to Daniel Bertoni, Director, Education, Workforce, and Income Security, Government Accountability Office	69

SUBMISSIONS FOR THE RECORD

Association of Mature American Citizens (Amac)	117
National Disability Rights Network (NDRN)	118
National Federation of the Blind	120
RespectAbility	126

THE FINANCIAL RISK OF RETURNING TO WORK

TUESDAY, JUNE 16, 2015

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

The Subcommittee met, pursuant to call, at 2:16 p.m., in Room B–318, Rayburn House Office Building, Hon. Sam Johnson [Chairman of the Subcommittee] presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
Tuesday, June 9, 2015
No. SS–02

CONTACT: (202) 225–3625

Chairman Johnson Announces Hearing on the Financial Risk of Returning to Work

U.S. Congressman Sam Johnson (R–TX), Chairman of the House Committee on Ways and Means Social Security Subcommittee, announced today that the Subcommittee will hold a hearing on the Social Security Administration's (SSA) management of earnings reports from disability beneficiaries trying to go back to work. The SSA faces difficulties processing earnings reports and adjusting benefits in a timely fashion, in part due to the complexity of the work incentives in the Disability Insurance program. These difficulties can cause large overpayments for disability beneficiaries trying to return to work. **The hearing will take place on Tuesday, June 16, 2015, in Room B–318 of the Rayburn House Office Building, beginning at 2:00 p.m.**

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 may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

Upon the announcement of this hearing, Chairman Johnson made the following comment:

"There are two problems for the American taxpayer when Social Security can't manage earnings reports: First, dollars go out that shouldn't; second, individuals who want to work are discouraged from doing so. It's time Congress takes a look at what drives overpayments. The American people want, need, and deserve nothing less."

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, *http://waysandmeans.house.gov*, select "Hearings." Select the hearing for which you would like to submit, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Tuesday, June 30, 2015**. For questions, or if you encounter technical problems, please call (202) 225–3625 or (202) 225–2610.

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 we reserve the right to format it according to our 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 compli-

ance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. 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. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. 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.

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

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202–225–1721 or 202–226–3411 TDD/TTY in advance of the event (four business days notice is requested). Questions with regard to special 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 World Wide Web at *http://www.waysandmeans.house.gov/*.

Chairman JOHNSON. Thank you all for being here. The hearing will come to order.

I would like to welcome Members of the Subcommittee and our witnesses and guests today. Thank you.

Before I get started, I would like to welcome Mr. Dold, who has joined the Subcommittee for the first time, as well as Mr. Brady, who has returned to the Subcommittee. We are glad that you all could join us.

Earlier this year, at our first Subcommittee hearing, I made a commitment to the disability community to make this program work better and to promote opportunity for those who want and can return to work. In talking with the disability community, what I often hear is that in order to make this program work better and take away some of the fear, the reluctance, of those trying to return to work, Congress needs to do something about overpayments.

Now, overpayments happen when Social Security pays the beneficiary too much, sometimes through no fault of the individual. I bet all our offices have had to work with folks who experience overpayments, and these stories tend to spread like wildfire throughout the community. Why would you try to return to work when you hear of others who have done it and yet end up owing thousands of dollars to Social Security due to overpaid benefits?

Today, we will hear from the Social Security Administration and the Government Accountability Office about how complexity of the disability program hurts both beneficiaries and taxpayers. According to the GAO's testimony, more than half of overpayments in the last 10 years were due to work activity. That is a symptom of a broken system.

The leading cause of overpayments in the Disability Insurance program is due to the complex work rules, which are difficult and costly to administer, and the end result is bad for individuals with disabilities and taxpayers. Just take a look at the chart that is on the screen now, which Social Security provided us. No wonder

beneficiaries can't make heads or tails of this system. Maybe you all can understand the chart.

This is what the folks who want to work have to go through so they don't face financial risk down the road. Individuals are responsible for reporting their wages to Social Security so that benefits can be properly adjusted. Unfortunately, the system for reporting wages is not user friendly for the worker and it is unreliable.

For those who try to return to work, those beneficiaries simply don't have an easy way to report their earnings. They must go in person to a field office to talk to someone, talk to someone on the phone or mail in proof of earnings. Yet, in the Supplemental Security Income program, Social Security actually has modern options for wage reporting, including a smartphone app.

Social Security needs to find ways to make reporting earnings easier for everyone. And for those people who try to do the right thing and report their earnings, they can still face overpayments. The program is simply so complicated that it can take Social Security several months to make sure a person's benefit check is correct.

Right now, the reality is that Social Security sends the wrong message. If you go back to work, you may get hit with a major overpayment from Social Security through no fault of your own. That is wrong, and we need to put an end to that.

We need to make sure that the disability program encourages people to work and makes it as easy as possible for them to do so. We can't have a program that punishes them for doing it. So it is time to do better for individuals with disabilities.

I thank our witnesses for being here today and look forward to your testimony.

I now recognize the Ranking Member, Mr. Becerra, for his opening statement.

Mr. BECERRA. Mr. Chairman, thank you very much for calling this hearing. Thank you to our witnesses for their testimony in advance.

How we help the Social Security Administration avoid overpayments and support disabled Americans who receive Social Security Disability Insurance but yet try to return to work is something we want to encourage. In spite of their severe disabilities, the fact that they wish to try to go back to work is something that we should support.

Remember that all of these disability insurance recipients earned those benefits because they paid into Social Security while they had the opportunity to work, most for more than 20 years. On average, about 22 years of work goes into the services that some of these disabled Americans now have put into the American public in terms of the workforce over the years. And so these are folks who have put in quite a bit of time before they became disabled.

But, at the same time, we have to recognize that these are folks who on average are in far more difficult health condition than most Americans. One-fifth of men who receive disability insurance die within 5 years of starting to receive those disability insurance payments. One-sixth of women die within 5 years after they have begun to receive those disability insurance benefits. The vast ma-

jority of these disability insurance recipients are over the age of 50, over a fourth of them are over the age of 60.

If we remember that you don't qualify for disability insurance unless you can't work, not just at the job you used to do, but any work, you may have been a rocket scientist before you became disabled, but if you can do even the most menial of labors, you still will not receive disability insurance. You have to be prepared to do any type of work that is out there that pays. And so it is very difficult to qualify for disability insurance. And even when you do receive it, on average you are getting somewhere around $1,100 a month, which leaves most people in poverty if they have nothing else to go with. Yet, despite all these odds, many Americans would like to try to go back to work if at all possible, even with their disability.

The Social Security benefits that folks receive don't replace, as I said, a lot of the income they used to have. On average, they receive less than half of what they used to make when they were working. A fourth of those Americans who are on disability insurance benefits try to work.

Chairman JOHNSON. Is that a quarter?

Mr. BECERRA. Yeah, about a quarter, Mr. Chairman.

They try to work. The difficulty is this: Only a small fraction of those Americans who are disabled who try to work ultimately succeed in sustaining themselves in work.

As a result of the efforts of many of these Americans to try to go back to work, Congress enacted some protections to make sure that if you try to go back to work, you land a job, on day one you don't lose your benefits, your disability benefits. We want you to know that you can try to take that risk of returning to work without suffering both the loss of your disability insurance benefits immediately and possibly then the loss of the job soon thereafter if you can't sustain it.

And so we instituted some protections a while ago to make sure we gave Americans who are disabled the incentive to try to go back to work. Those work incentives have encouraged a number of disabled Americans to try to go back to work and see if they can make it happen.

Part of those protections include things like making sure that we offset the fact that it costs more for someone who is very disabled to return to work, whether it is because you need a wheelchair or an accommodation at the work site. There are additional costs that are involved. We don't want the fact that there are higher costs to work as a disincentive for any employer to hire you or for you to believe you can't sustain it because you will have additional costs.

We also allow beneficiaries to first test their ability to sustain work and support themselves before we have them lose their eligibility for the Social Security Disability Insurance benefits and their health care. That is a big encouragement, because if you are going to lose your benefits, you are in trouble.

And so, Mr. Chairman, I think what we are trying to do is make sure that we do this the right way for Americans who are disabled. Let them test the ability to go to work, keep the protections there that give them every incentive to go to work, at the same time making sure that we don't in the process of trying to streamline

that bureaucracy that you showed there that causes in some cases overpayments to go to people who should not have received that money from causing those who really want to get out there and work that opportunity to do so.

So, Mr. Chairman, this is a good time to have this hearing. I look forward to the testimony of the witnesses, and I look forward to all the discussion. With that, I yield back.

Chairman JOHNSON. Thank you.

As is customary, any Member is welcome to submit a statement for the hearing record.

And before we move on to our testimony, I want to remind our witnesses to please limit your oral statements to 5 minutes. However, without objection, all the written testimony will be made part of the hearing record.

We have one witness panel here today, and at the table are David A. Weaver, Associate Commissioner, Office of Research, Demonstration, and Employment Support, Social Security Administration—that is a mouthful—and Daniel Bertoni, Director, Education, Workforce, and Income Security, Government Accountability Office.

I welcome both of you and thank you for being here.

Mr. Weaver, please go ahead, you are recognized.

STATEMENT OF DAVID A. WEAVER, ASSOCIATE COMMISSIONER, OFFICE OF RESEARCH, DEMONSTRATION, AND EMPLOYMENT SUPPORT, SOCIAL SECURITY ADMINISTRATION

Mr. WEAVER. Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee, thank you for inviting me to discuss the complexity of statutory rules for returning to work and overpayments due to work in the Disability Insurance or DI program. I am David Weaver, Associate Commissioner for Research, Demonstration and Employment Support at the Social Security Administration.

Social Security is a social insurance program under which workers earn coverage for retirement, survivors, and disability benefits by working and paying Social Security taxes. DI benefits help replace some of the lost earnings for workers who, due to their significant health problems, may no longer be able to work and support families. Last year we paid over $140 billion to nearly 11 million DI workers and their family members. In all, 151 million Americans are insured for DI protection.

The statutory benefit eligibility requirements are stringent. Disability is the inability to engage in any substantial gainful activity due to a physical or mental impairment that has lasted or is expected to last 1 year or to result in death. In addition, DI benefits are modest. In 2015, disabled workers received on average less than $1,200 in benefits per month or less than $14,000 per year, just above the poverty line.

Given the strict eligibility criteria, many DI beneficiaries may not be able to return to sustained work. However, we are committed to helping beneficiaries with disabilities who want to attempt to reenter the workforce through various work incentives established by the Social Security Act. These incentives allow a DI

beneficiary to test his or her ability to work without immediately losing cash benefits or medical coverage.

For example, the Social Security Act provides for a trial work period under which beneficiaries can work for at least 9 months without losing any cash benefits, regardless of how high their earnings might be during those months. Once the trial work period has expired, the Social Security Act provides for an extended period of eligibility. The Act requires us to pay cash benefits for 3 additional months even if the DI beneficiary continues to work and earn above a certain level.

After these 3 months, the Social Security Act requires us to pay cash benefits to a DI beneficiary for any month in a 3-year period if earnings fall below a certain level. The statute provides that at or after the 37th month of the extended period of eligibility, cash benefits are terminated if a DI beneficiary continues to earn above a certain amount, although the beneficiary will continue to receive Medicare for several more years. For 5 years after termination of cash benefits, a beneficiary is generally eligible for the expedited reinstatement period to the DI beneficiary rolls if he or she is unable to continue working at a certain level.

Many DI beneficiaries often need medical devices or unique services that facilitate their ability to work. Accordingly, the Social Security Act requires us to exclude from earnings any out-of-pocket costs for items or services that a beneficiary needs to work, which are called impairment-related work expenses. We are also required to consider whether a DI beneficiary is receiving subsidies or other special conditions to support his or her work.

These incentives are depicted in this chart that was mentioned earlier. As you can see, the statutory work incentives are complex and our beneficiaries, many of whom have very serious conditions, often find them difficult to navigate.

Earnings may or may not lead to the loss of DI benefits depending on many interrelated factors, including how much is earned, when work is performed, and whether some earnings must be discounted because they paid for impairment-related work expenses or their earnings are subsidized. The situation becomes even more complicated considering that many DI beneficiaries are also entitled to Supplemental Security Income, which has a different set of statutory work incentives, shown on this chart.

Given this complexity, evaluating a DI beneficiary's work is one of our most resource-intensive administrative workloads. Even with better data and better tools at our disposal, we cannot simply rely on numbers that are reported to us. We must follow up with beneficiaries and their employers to evaluate work activity. These interviews take time and resources.

That said, we are excellent stewards of the Social Security DI program. We estimate the 5-year average amount of overpayments due to work is less than 1 percent of benefit payments. However, we continue to strive to improve efforts to prevent overpayments. My written testimony describes how we inform beneficiaries to promptly report work activity and our more recent efforts to improve program integrity.

In addition, we would support congressional action to renew our demonstration authority to test new ways to simplify work incentives and encourage more disability beneficiaries to work.

As policy changes are considered, we stand ready to help evaluate changes to our programs and how they would affect our DI beneficiaries. SSA and Congress have established a complex set of work rules to encourage beneficiaries to work, but this is balanced with a shared interest in program integrity and stewardship that requires limitations or reductions in benefits as people reenter the workforce.

We would very much like to work with you to simplify these rules, but we are also aware that there can be winners and losers. We must proceed with caution to avoid unintended consequences.

Thank you for allowing me the opportunity to testify today. I would be happy to answer your questions.

[The prepared statement of Mr. Weaver follows:]

Hearing
Before the
Committee on Ways and Means
Subcommittee on Social Security

U.S. House of Representatives

Return-to-Work and Overpayments in the Disability Insurance Program

June 16, 2015

Statement of
David Weaver,
Associate Commissioner,
Office of Research, Demonstration, and Employment Support

Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee:

Thank you for inviting me to discuss rules for returning to work and overpayments due to work in the Disability Insurance (DI) program. I am David Weaver, Associate Commissioner for Research, Demonstration, and Employment Support at the Social Security Administration.

The vitally important DI program provides insurance coverage to the families of workers who earned coverage for DI protection by paying payroll taxes and subsequently become disabled. We take the stewardship of the DI program seriously, and have a proven track record of administering it prudently and accurately. Program integrity and the protection of trust fund and tax dollars has long been a cornerstone of SSA's mission, and accordingly, we strongly support the Federal Government's strong efforts to combat fraud and curb improper payments. We are equally committed to helping Social Security beneficiaries with disabilities reenter the workforce when possible.

I will provide an overview of the DI and return-to-work programs, including an explanation of the statutory and administrative challenges that can lead to overpayments. I will also discuss our continuing efforts to improve our already high levels of payment accuracy.

Introduction

We administer a number of programs, including the Old-Age, Survivors (OASI), and Disability Insurance (DI) program, commonly referred to as "Social Security." Social Security is a social insurance program under which workers earn coverage for retirement, survivors, and disability benefits by working and paying Social Security taxes on their earnings. The DI portion of Social Security helps replace a portion of the lost earnings for workers who, due to their significant health problems, may no longer be able to work to support themselves and their families.

DI also ensures that workers who become disabled and their families are protected from the loss of future retirement benefits. The same people who may be receiving disability benefits today at 55 will be receiving retirement benefits when they reach 66.

In fiscal year (FY) 2014, we provided $698 billion in earned benefits to over 47 million retirement and survivor beneficiaries, and $141 billion to nearly 11 million DI beneficiaries and their family members. As of the end of 2014, another 151 million Americans have paid sufficient Social Security taxes to be insured for DI protection. We also administer the Supplemental Security Income (SSI) program, funded by general revenues, which provides cash assistance to aged, blind, and disabled persons with very limited means. In FY 2014, we provided nearly $54 billion to 8.2 million people under the SSI program.[1]

The responsibilities with which we have been entrusted are immense, yet we are extremely effective stewards of program dollars. While we will issue nearly one trillion dollars in payments this year, our discretionary administrative costs represent only about 1.3 percent of benefit payments that we pay under the OASDI and SSI programs. Moreover, we are highly accurate in the payments that we make each year. For instance, for FY 2014, our internal quality reviews, which are validated by a third party auditor, indicate that our OASDI benefit payments

[1]About 2.6 million of these SSI recipients also received Title II benefits, and they are included in the retirement, survivor, and disability insurance totals shown above.

are highly accurate—nearly 99.5 percent of all OASDI payments are free of overpayment, and over 99.9 percent are free of underpayment.

In addition, we continue to improve our processes in order to minimize and prevent overpayments[2] in the DI program when possible, and when they do occur, we seek to correct them as soon as possible. We are pleased to report that the number of overpayments due to a DI beneficiary's work (or other factors) remains low, despite the complexities of statutory work incentives. As of FY 2014, we estimate the 5-year average amount of overpayments due to work was less than one percent. Once SSA does identify an overpayment, our employees work diligently to recoup that amount from beneficiaries through a variety of means. Nevertheless, as we recognize that even one incorrect payment can result in a significant amount of overpaid dollars, we continue to look for ways to refine our administrative processes and improve return-to-work programs to help reduce work-related overpayments.

The Definition of Disability

The Social Security Act (Act) generally defines disability as the inability to engage in any substantial gainful activity[3] (SGA) due to a physical or mental impairment that has lasted or is expected to last at least one year or to result in death. Under the Act's strict standard, workers can qualify for DI benefits only if they are insured for Social Security disability protection – meaning they worked substantially in five of the past 10 years before becoming disabled[4] – and cannot currently work due to a medically determinable impairment. As the House Committee on Ways and Means noted in its report that accompanied the Social Security Amendments of 1956, even a person with a severe impairment cannot receive disability benefits if he or she can engage in any SGA. Moreover, the Act does not provide short-term or partial disability benefits.

As discussed below, individuals approved for disability benefits may attempt to return to work under various statutory work incentives. However, beneficiaries with disabilities face very real difficulties in returning to the work force. Because the Act defines disability so stringently, many DI beneficiaries have significant disabilities that are degenerative or terminal. Among those who start receiving disability benefits at the age of 55, one in five men and one in seven women die within five years of the onset of their disabilities.

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[2] **Overpayments** do not necessarily equate with fraud, and can occur for a number of reasons, some of which are outside the control of the beneficiary or the agency. Fraud, on the other hand, always involves intent to misrepresent or conceal material facts. The incidence of fraud in our programs is low – the best available evidence shows that the level of actual disability fraud is below 1 percent. See OIG, *Overpayments in the Social Security Administration's Disability Programs* (Apr. 3, 2006), Appendix A, pp. 6-7 (providing a point-in-time estimate of potential fraud cases out of a sample of over 1,500 cases). While we are equally committed to combating overpayments, fraud, and waste across all of our programs, this testimony will only discuss improper payments resulting from work in the DI program.

[3] The Social Security Act specifies a higher SGA amount for persons who meet the definition of blindness described by the law. If an individual's impairment is anything other than blindness, earnings averaging over $1,090 a month (for the year 2015) generally demonstrate SGA. If an individual is blind, earnings averaging over $1,820 a month (for the year 2015) generally demonstrate SGA. We typically raise the SGA amounts every year based on increases in the national average wage index.

[4] To be insured for Social Security Disability, most individuals must have worked substantially in five out of the prior ten years before the onset of disability. This is in addition to the general 10-year (40 quarters) work requirement needed to gain "fully" insured status.

Clearly, the DI program provides insured coverage for those Americans who make up a very vulnerable segment of society. While the DI program constitutes a part of our Nation's social insurance, the level of benefits is modest. For example, in January 2015, a worker eligible for DI receives, on average, less than $1,200 in DI benefits per month, or less than $14,000 per year – just above the poverty line.

Work Incentives

A DI beneficiary may be able to improve upon the modest standard of living provided by DI benefits if he or she attempts to return to work. The Act, as well as our regulations, includes numerous incentives to encourage disability beneficiaries to return to work. These incentives generally provide beneficiaries with continued benefits while they work or pursue an employment goal. They also provide for continued medical coverage, even beyond benefit termination, which is vitally important for individuals with disability to obtain and retain work. Examples of DI work incentives include:

- **The Trial Work Period (TWP).** Section 222(c) of the Social Security Act (Act) allows beneficiaries to test their ability to work for at least nine months. During the TWP, beneficiaries receive their full benefits regardless of how high their earnings might be, as long as they have not fraudulently concealed work activity and they continue to have a disabling impairment. The TWP continues until the beneficiary accumulates nine months (not necessarily consecutive) in which he or she performed "services" within a rolling 60-consecutive-month period. In 2015, we consider work to be "services" if the beneficiary earns more than $780 a month, or works more than 80 self-employed hours in a month.
- **The Extended Period of Eligibility (EPE).** Section 223(a)(1) of the Act provides that, at the end of the TWP, a 36-consecutive-month EPE begins, unless we find that the beneficiary has medically improved and no longer meets the definition of disability. During the EPE, we pay benefits for the first month that earnings exceed SGA and the next 2 months, (we refer to this as the "grace period") and any month the beneficiary's earnings do not exceed SGA. After the EPE ends, benefits terminate if a beneficiary's earnings exceed the SGA level in any month.
- **Exclusion of Impairment-Related Work Expenses (IRWE).** Section 223(d)(4) of the Act requires us to deduct the out-of-pocket costs for disability-related items and services that a beneficiary needs in order to work when we determine if work is SGA.
- **Subsidies and Special Conditions.** Our regulations allow us to consider subsidies and special work conditions when determining if earnings represent SGA. We disregard the value of supports received on the job that result in the worker receiving more pay than the actual value of the services performed. For example, we may consider job coaching provided by organizations other than the worker's employer to be a "subsidy."
- **Expedited Reinstatement (EXR).** Sections 223(i) and 1631(p) of the Act enable us to start benefits again without a new application if a person stops working within five years of the previous termination date. To be eligible for EXR, the beneficiary must: 1) have had his or her benefits terminated due to work; 2) become unable to continue working at SGA, within 5 years of that termination; and 3) have the same or a related medical impairment.

- **Extended Medicare.** Section 226(b) of the Act provides that if a beneficiary's benefits are terminated because of work, Medicare coverage will continue for at least 93 months after the end of the trial work period (at least eight and one-half years from first return to work).
- **Medicaid While Working.** Section 1619(b) of the Act provides that Medicaid coverage can continue even if earnings are too high to allow an SSI payment. Medicaid coverage will continue until an individual's earnings reach an annual "threshold" level. Each State establishes a threshold level every year. Section 1619(b)(1)(D) of the Act, also allows us to determine individualized thresholds for individuals with extremely high medical costs they would be unable to pay without Medicaid.

For beneficiaries with disabilities who seek to return to work, extension of medical coverage for an extended period can be an important work incentive.

Attachment A provides data on the number of beneficiaries who have used the above work incentives. In addition to many statutory and regulatory work incentives, we offer a number of vocational programs and resources that help our beneficiaries reenter the workforce. For example:

- **Vocational Rehabilitation (VR) Cost Reimbursement Program.**[5] Today, the VR cost reimbursement program, governed by section 222(d) of the Act, is the primary employment support program used by our beneficiaries. VR cost reimbursement came into existence in the early 1980s after Congress determined that more accountability was required of State VR agencies receiving Trust Fund dollars to provide services to our beneficiaries. The program requires a State VR agency to file a reimbursement claim with us after the agency completes its work with a beneficiary and that beneficiary becomes employed. The claim documents the services provided and the cost of those services, both direct and indirect. Once we verify that the beneficiary earned an amount sufficient to allow reimbursement, the State VR agency receives funds from us as program income.[6] The statutory reimbursement standard for State VR agencies is earnings at the SGA level for a continuous period of nine months. In FY 2014, almost 324,000 of our beneficiaries were served by State VR programs.
- **Ticket to Work Program.**[7] Under the current Ticket to Work program rules outlined in Section 1148 of the Act, any adult SSDI beneficiary or individual receiving SSI benefits

[5] The issue of return to work has been a part of any discussion about the Social Security disability program since it was created by the Social Security Amendments of 1954. The law included a requirement that all disability claimants be referred to the State vocational rehabilitation (VR) agency "so that the maximum number of disabled individuals may be restored to productive activity."

[6] SSA cost reimbursement is in addition to the allotment of Federal funds State VR agencies already receive from the Department of Education under Title I of the Rehabilitation Act of 1973 (as amended).

[7] In 1999, Congress passed the Ticket to Work and Work Incentives Improvement Act, which established the Ticket to Work program. Congress intended the Ticket to Work program to expand the universe of service providers and to provide beneficiaries with choices beyond the State VR agencies to obtain the services and supports they need to secure and maintain employment.

based on blindness or disability is eligible to participate in the Ticket to Work program. A beneficiary who is eligible to participate in the Ticket to Work program may choose to assign his or her Ticket to an Employment Network (EN) or work with a State VR agency. We contract with ENs (which are qualified State, local, or private organizations) to provide or coordinate the delivery of employment support services to our disability beneficiaries. Some State VR agencies also act as ENs. Beneficiaries, ENs, and State VR agencies voluntarily participate in the Ticket to Work program. An EN decides whether to accept a Ticket from the beneficiary. Once a beneficiary assigns a Ticket to an EN, the EN provides employment support services to assist the beneficiary in obtaining self-supporting employment. The beneficiary receives these services at no charge. Consistent with congressional intent, we pay an EN only when the EN is successful in assisting beneficiaries secure and maintain employment. In FY 2014, almost 85,000 of our beneficiaries were served by ENs.

- **Demonstration Projects.**[8] We believe conducting demonstration projects is the best way to gather the evidence policymakers need to evaluate policy options and consider potential program innovations that would improve the ability of individuals with disabilities to succeed in the workforce. We have already tested various initiatives that support DI beneficiaries, so a partial evidence base for policy innovation exists. For instance, the Accelerated Benefits demonstration found that providing health benefits to uninsured DI beneficiaries in the 24-month Medicare waiting period sharply improved their self-reported health status, and providing employment services increased work and earnings. The Mental Health Treatment Study demonstration found that employment supports, along with medical support and coordinated care, were successful in improving health, lowering hospitalizations, and increasing employment for DI beneficiaries with schizophrenia and other affective disorders. Other initiatives, such as the Youth Transition Demonstration, have found that support services can increase employment and earnings for younger beneficiaries.

  In addition, we are currently conducting the Benefit Offset National Demonstration (BOND). The purpose of BOND is to determine the effect of various interventions, in combination with a benefit offset, on employment outcomes including wages, benefits, hours worked, and job retention. In BOND, we are testing a $1 reduction in benefits for every $2 in earnings over substantial gainful activity levels, in combination with benefits counseling, with the goal of helping beneficiaries with disabilities return to work. The project will give beneficiaries a gradual reduction in their benefits, eliminating the current abrupt loss of cash benefits under the SSDI disability program when a beneficiary works and has earnings over a specific amount. Participants will maintain ongoing eligibility for health care benefits and other supports linked to SSDI eligibility. Recent reports on the early effects of the offset have found no effect on earnings for one treatment group, but positive effects on earnings for another treatment group.[9] Full results, based on several years of earnings, will be available in a final report to be published at the end of 2017.

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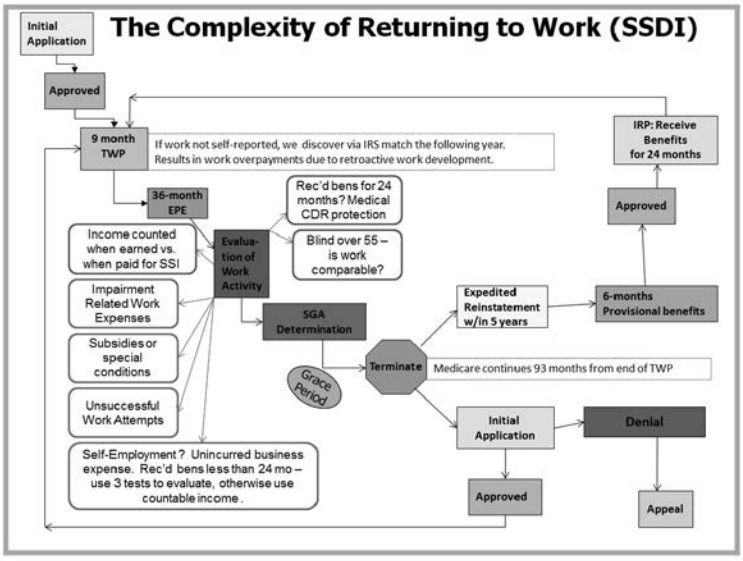
[8] Section 234 of the Social Security Act outlines provisions related to demonstration projects; however, our authority to initiate new demonstration projects lapsed in 2005.

[9] Reports on the BOND can be found at: http://www.ssa.gov/disabilityresearch/offsetnational.htm.

We understand how complex these return-to-work programs are, as well as the importance of educating our beneficiaries about these programs. To help support disability beneficiaries who attempt to reenter the workforce, we:

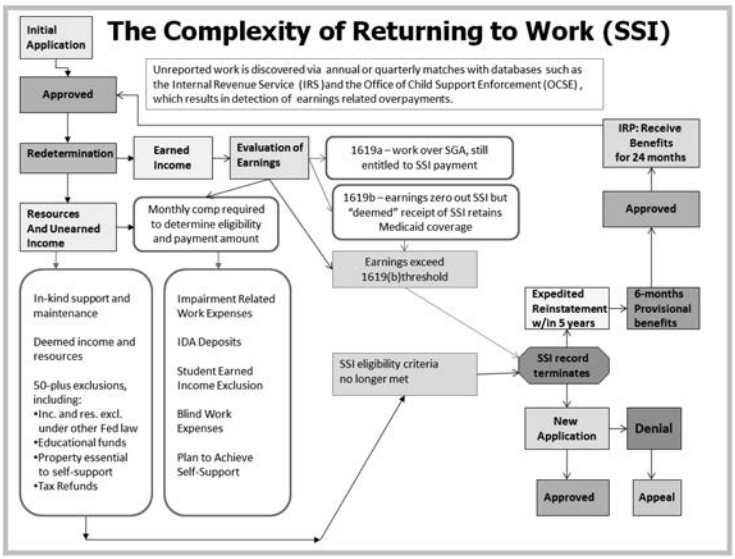
- train field office personnel to explain work incentives.
- fund the Work Incentive Planning Assistance (WIPA) program,[10] which helps disability beneficiaries understand the return-to-work program rules and how they interact with other Federal and State programs. The goal of the WIPA program is to enable beneficiaries with disabilities to make informed choices about work, and to support working beneficiaries to make a successful transition to self-sufficiency.
- publish information on our website and in printed publications, such as the Red Book, to help people understand DI program rules.

Nevertheless, as illustrated by the chart below, the statutory work incentive provisions are complex.



The statutory work incentive rules are more complex for individuals who receive both DI and SSI, as demonstrated in the next chart.

[10] The Ticket to Work and Work Incentives Improvement Act of 1999 authorized Social Security to award grants, contracts or cooperative agreements to provide community-based work incentives expertise to beneficiaries of Social Security or Supplemental Security Income benefits based on disability.



Assessing a DI Beneficiary's Return to Work

Work Reports

We take every opportunity to tell beneficiaries and their representatives to promptly report any changes in work activity. At the time an individual applies for benefits, after he or she is awarded benefits, and periodically thereafter, we tell the individual verbally and in our written notices that he or she must report changes in employment and earnings, as they may affect benefits. Specifically, we remind applicants and beneficiaries that we need to know right away if they take a job or become self-employed—no matter how much they earn—if they stop work, or if there are any changes in job duties, hours of work, disability-related work expenses, or rate of pay. We generally receive work reports directly from claimants and beneficiaries, or through an automated Continuing Disability Review Enforcement Operation (CDREO) process (described below). DI beneficiaries or their representatives may report their work and earnings via fax, phone, mail, or in person at their local Social Security office.

When we receive a work report from a disabled beneficiary, a technician inputs the information into our system and immediately issues a receipt to the reporting beneficiary, as required by Section 202 of the Social Security Protection Act (SSPA) of 2004 (Public Law 108-203). We then conduct a screening process, called a work review, to determine if the earnings may affect benefits. If benefits are not affected—for example, the beneficiary is still in the Trial Work Period—we do not take further action. If benefits may be affected, we conduct a work continuing disability review (work CDR). Our field offices process the majority of these work CDRs.

Although we require beneficiaries to report work and earnings, for a variety of reasons changes in work and earnings are not always timely reported, including due to the complexity of the rules themselves.[11] The CDREO process helps us identify earnings that may not yet have been reported. The CDREO is an automated process that matches our current DI beneficiaries with the IRS earnings information in our Master Earnings File. This process alerts us to DI beneficiaries who may have returned to work. CDREO identifies earnings DI beneficiaries did not report to us and earnings that beneficiaries may have already reported but we have not yet developed as part of the work CDR process. CDREO selects cases for work CDRs based on the amount of earnings, certain medical re-examination information on the record, and other pertinent criteria. Our Processing Centers process the majority of CDREO alerts. This process helps us maintain our extremely high levels of DI payment accuracy; however, IRS earnings data is reported annually, so there is some delay in processing CDREO alerts. The President's FY 2016 Budget proposes several strategies to improve our ability to match to other administrative wage data, as I will discuss later.

Work Continuing Disability Reviews

After completing a work review that screens an individual's earnings, we may decide that a work CDR is warranted. Work CDRs are one of our most resource-intensive administrative workloads due to the complexity of work incentive programs, as well as the need to follow up with beneficiaries to determine whether their work qualified for any statutory work incentives. Work CDRs evaluate a beneficiary's work activity to determine if the work represents SGA and if eligibility for benefits should continue. For DI beneficiaries, we count earnings in the month they are earned, not the month in which they are paid. Since SGA is a factor of entitlement for DI, the performance of SGA after entitlement (following a trial work period) may mean that the beneficiary no longer meets the disability requirements, and benefits will end.

When conducting a work CDR, we consider a number of factors to determine whether a DI beneficiary who is working can continue to receive monthly benefits. For example, a DI beneficiary who has not completed a Trial Work Period will continue to receive monthly benefits even if his or her earnings are above the SGA level. In FY 2014, we completed about 250,000 work CDRs for DI beneficiaries, resulting in more than 118,000 cessations of benefits or subsequent reinstatements or suspensions of benefits during the extended period of eligibility.

In 2013, we also implemented a nationwide process improvement, the CDREO Predictive Model (Predictive Model), to help us more efficiently prioritize work CDRs. The Predictive Model helps minimize overpayments by allowing us to target the cases most likely to result in large overpayments for immediate attention. In addition, in 2012 we initiated the Automatic Earnings Reappraisal Operation (AERO) Delay Project, which delays the benefit increase resulting from an AERO re-computation for disability beneficiaries who have a pending work CDR. The Predictive Model and AERO Delay Project also help ensure that we give precedence to the cases that require primary attention as part of the CDREO process.

[11] The responsibility to report work is defined in our regulations at 20 CFR 404.1588, and outlined in our procedures at DI 13010.020B. DI beneficiaries must report changes in work activity, such as starting or stopping work, a change in duties, hours or pay, or if they start or stop paying for expenses related to disability that allow them to work. While reporting responsibilities are defined in the regulations, the requirement to report is rooted in the statute. If a DI beneficiary performs SGA after becoming entitled to disability, he or she may no longer meet the requirements for entitlement.

Preventing Overpayments Due to Work

Certainly, statutory and regulatory work incentives and return-to-work programs are very complex. This complexity can contribute to overpayments in a number of ways. Overpayments can occur because disability beneficiaries may not understand when they have to report earnings to us and do not report work activity timely. Even if beneficiaries do report their work activity to us, overpayments can occur because our employees need time to determine whether such activity would require suspension or termination of benefits. For example, as required under the Act, our employees would need to determine whether such activity was in a Trial Work Period, whether beneficiaries had any Impairment-Related Work Expenses, and whether beneficiaries were receiving any subsidies or special conditions associated with their work. For an idea of the challenges for beneficiaries and our employees, please see a hypothetical case example on page 48 of our 2015 Red Book,[12] which is a summary guide to employment supports for DI and SSI beneficiaries. Yet despite these complexities, we continue to maintain around 99 percent payment accuracy in the DI program.

We believe this information supports our request in the FY 2016 President's Budget for Congress to renew our demonstration authority under section 234 of the Act. With renewed demonstration authority, we will be able to test new ways to simplify work incentives, improve employment outcomes for those for whom work is possible, and reduce overpayments resulting from work. In addition, we continue to enhance our work CDR processing and participate in pilot programs that help beneficiaries return to work, to the extent possible according to legal and financial constraints.

Enhancements in Work CDR Processing and Debt Collection

The potential for an overpayment may discourage some disability beneficiaries from working, and we have taken several steps to handle our work reviews and work CDRs more quickly and efficiently. As previously discussed, we implemented the Predictive Model nationwide in June 2013. Since 2011, the average overpayment amount has decreased from $19,500 to $16,200, while the total overpayments due to work have decreased due to this enhancement.

Based on the success of the predictive model, in 2014, we implemented a pilot in the New York Processing Center using quarterly earnings data received from the Office of Child Support Enforcement to initiate work CDRs for beneficiaries who are participating in the Ticket to Work program. The quarterly earnings data are more recent than the annual IRS data used in the CDREO process. Because we are identifying the cases earlier, we can reduce overpayments by taking action earlier. We expanded the pilot in February of 2015 to include two additional Processing Centers. The expanded pilot will give us an opportunity to coordinate with the existing CDREO process and refine screening criteria to target cases completing the Trial Work Period or working above SGA. We plan to release evaluation results from the NY pilot later this year.

In addition, we have a robust debt collection program to recover overpayments in our programs, which enabled us to recover about $900 million dollars in DI benefit overpayments in FY 2014. Please see our report on reducing improper payments that describes our debt collection efforts at http://www.socialsecurity.gov/improperpayments/recoveryEfforts.html.

[12] http://www.socialsecurity.gov/redbook/documents/TheRedBook2015.pdf.

Finally, we continue to develop new policies and procedures that will streamline work review and work CDR case processing, resulting in faster decisions and reduced overpayments. Examples include:

- revising our work activity reports and streamlining our follow-up procedures;
- minimizing documentation for work activity that is obviously not SGA; and
- updating our work review instructions to improve coordination between our field offices and processing centers.

Legislative Proposals

The President's FY 2016 Budget also contains several SSA-related legislative proposals that would help prevent improper payments in the DI and SSI programs. In particular, we believe the following proposals would help strengthen our efforts to reduce work-related overpayments, encourage individuals to work, and help improve the recovery of overpayments:

- **Move from Annual to Quarterly Wage Reporting.** Employers report wages annually to SSA. However, from 1939 through 1977, employers reported wages on a quarterly basis. Increasing the frequency of wage reporting could enhance tax administration. More frequent reporting may improve program integrity by detecting work on the part of DI and SSI recipients more quickly and providing timelier wage data for use by Federal, income-tested programs. This proposal would revert to quarterly wage reporting. The Administration has pledged to work with the States and employers to minimize any burden as employers already report quarterly to the States.
- **Allow SSA to Use Commercial Databases to Verify Wages in the SSI Program.** The SSI program is means-tested, and the correct benefit amount can vary monthly based on changes in a beneficiary's income, such as wages. SSI recipients are required to report changes in a timely manner, but some do not, which results in improper payments. This proposal would reduce improper payments and lessen the recipients' reporting burden by authorizing SSA to conduct data matches with private commercial databases and use that information to automatically increase or decrease benefits accordingly, after proper notification. New beneficiaries would be required to consent to allow SSA to access these databases as a condition of benefit receipt. All other current due process and appeal rights would be preserved.
- **Expand Authority to Require Authorization to Verify Financial Information for Overpayment Waiver Requests.** SSA uses an automated process to verify the financial institution accounts of SSI recipients to improve payment accuracy. SSA has the authority to require applicants and beneficiaries to authorize the agency to get this information in connection with determining SSI eligibility. However, SSA cannot use this process for other determinations that involve consideration of financial institution account information. One such determination occurs when a beneficiary requests a waiver of recovery of an overpayment (whether an OASDI overpayment or an SSI one) or a change in the rate at which SSA withholds funds from a beneficiary's payment to collect a prior overpayment. Determining whether someone qualifies for a waiver or a different rate of recovery can involve determining whether the person has the financial means to repay. This proposal would require OASDI recipients seeking overpayment waivers to grant SSA authority to certify financial information and thereby improve the

accuracy of waivers. Currently, there is no automated method for verifying financial assets for overpayment waiver claims.

- **Early Intervention Demonstrations.** Building on bipartisan support for an early intervention demonstration appropriated in FY 2015, the FY 2016 Budget includes $50 million in discretionary research funding to continue support for our early intervention demonstration efforts. The Budget also includes a $350 million request for FY 2017-2020 and a proposal to reauthorize SSA's demonstration authority for the disability program. The renewed demonstration authority will help us continue to strengthen our disability program and test innovative strategies to help people with disabilities remain in the workforce. For example, by providing medical-vocational services prior to benefit receipt, we can evaluate whether such services can effectively help individuals with these impairments remain and succeed in school or the workforce, and perhaps avoid or delay a need for disability benefits.

  SSA is currently designing the initial early intervention demonstration project funded in FY 2015 and expects to issue a contract by the end of the calendar year. To date, SSA solicited feedback on the demonstration through a Request for Information, published a required statement for contractor feedback in Federal Business Opportunities, and held a meeting with a Federal Interagency Advisory Panel to solicit feedback on the scope and design of the demonstration.

- **Program Integrity.** In addition to our reviews of beneficiaries' work activity, we also periodically examine whether a DI beneficiary continues to meet the medical criteria for entitlement. SSA's appropriations determine how many medical continuing disability reviews we can perform. This proposal would repeal the discretionary cap adjustments enacted in the Balanced Budget and Emergency Deficit Control Act, as amended by the Budget Control Act, for SSA beginning in FY 2017 and instead provide a dedicated and dependable source of mandatory funding for these program integrity activities. CDRs and SSI redeterminations save billions of program dollars with only a comparatively small investment of administrative funds. Current estimates indicate that CDRs conducted in FY 2016 will yield a return on investment (ROI) of about $9 on average in net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare and Medicaid program effects. Similarly, SSI non-medical redeterminations conducted in FY 2016 will yield a ROI of about $4 on average of net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

Conclusion

The programs we administer demand stewardship that is worthy of their promise of economic security from generation to generation. We are firmly committed to sound management practices and know the continued success of our programs is inextricably linked to the public's trust in them.

I thank you for your interest in our stewardship efforts related to return-to-work programs. I would be happy to answer any questions.

Appendix A

Work Incentives

The Social Security Act (Act) defines disability as the inability to perform substantial gainful activity (SGA) due to a medically determinable impairment that has lasted or is expected to last at least one year or to result in death. SGA refers to the performance of significant physical or mental activities in work for pay or profit or in work of a type generally performed for pay or profit. SGA is a test for determining both initial and continuing eligibility for Social Security Disability Insurance (SSDI). In initial claims situations, if a claimant's work is over SGA, then the claimant generally does not meet the definition of disability and does not receive benefits. Countable earnings averaging over $1,040 a month (in 2013) demonstrate the ability to perform SGA in most cases. For claimants who are blind, countable earnings averaging over $1,740 a month (in 2013) usually demonstrate SGA for SSDI.

The Act includes employment support provisions, commonly referred to as work incentives that encourage our disability beneficiaries to test their ability to work. Some of the work incentives that we may apply to SSDI are:

Trial Work Period (TWP) (Section 222(c) of the Social Security Act)—Allows beneficiaries to test their ability to work for at least nine months. During the TWP, beneficiaries receive their full benefits regardless of how high their earnings might be as long as they have not fraudulently concealed work activity and they continue to have a disabling impairment. The TWP continues until the beneficiary accumulates nine months (not necessarily consecutive) in which he or she performed "services" within a rolling 60-consecutive-month period. In 2013, we consider work to be "services" if the beneficiary earns more than $750 a month, or works more than 80 self-employed hours in a month.

Table 1. TWP participation and average annual earnings.

Calendar Year	Number of Beneficiaries*	Average Annual Earnings**	Median Annual Earnings**
2009	187,500	11,000	8,000
2010	195,500	11,000	8,000
2011	209,500	11,500	8,500
2012	199,500	12,000	8,500
2013	136,000	12,500	8,500

*Source: Disability Control File (DCF) rounded to nearest 500.
**Source: Disability Analysis File 2013 (DAF-13)/Master Earnings File (MEF) data, rounded to the nearest $500.
Note: The number of work CDRs for more recent years is incomplete. The number of beneficiaries will continue to increase as work CDRs for these years are completed.

Extended Period of Eligibility (EPE) (Section 223(a)(1) of the Act)—At the end of the TWP, a 36-consecutive-month EPE begins, unless we find that the beneficiary has medically improved and no longer meets the definition of disability. During the EPE, we pay benefits for the first

month that earnings exceed SGA and the next 2 months, (we refer to this as the "grace period"); and any month the beneficiary's earnings do not exceed SGA. After the EPE ends, benefits terminate if a beneficiary's earnings exceed the SGA level in any month.

Table 2. EPE participation and average annual earnings for suspended beneficiaries.

Calendar Year	Number of Beneficiaries Entering EPE*	Number of Beneficiaries Suspended in EPE*	Average Annual Earnings**	Median Annual Earnings**	Average Annual Earnings During the TWP	Median Annual Earnings During the TWP
2009	73,000	118,500	22,000	16,000	21,500	16,000
2010	67,500	107,500	22,000	16,000	21,500	15,500
2011	78,000	104,500	23,000	16,500	21,500	15,500
2012	80,000	104,500	23,500	16,500	22,000	15,500
2013	53,500	85,000	24,500	17,500	23,000	16,000

*Source: Disability Control File (DCF) rounded to nearest 500.
**Source: Disability Analysis File 2013 (DAF-13)/Master Earnings File (MEF) data, rounded to the nearest $500.
Note: The number of work CDRs for more recent years is incomplete. The number of beneficiaries will continue to increase as work CDRs for these years are completed.

Impairment Related Work Expenses (Section 223(d)(4) of the Act)—We deduct the out-of-pocket costs for disability-related items and services that a beneficiary needs in order to work when we determine if work is SGA.

Table 3. IRWE participation and average annual earnings.

Calendar Year	Number of Beneficiaries*	Average Annual Earnings**	Median Annual Earnings**	Average Monthly Amount of IRWE***
2009	10,000	14,500	12,000	270
2010	10,000	14,500	12,500	260
2011	10,500	14,500	12,500	250
2012	10,500	15,000	12,500	230
2013	10,000	15,500	13,000	230

*Source: Disability Control File (DCF) rounded to nearest 500.
**Source: Disability Analysis File 2013 (DAF-13)/Master Earnings File (MEF) data, rounded to the nearest $500.
***Source: Disability Control File (DCF) rounded to nearest $10.
Note: The number of work CDRs for more recent years is incomplete. The number of beneficiaries will continue to increase as work CDRs for these years are completed.

Unsuccessful Work Attempts (20 CFR 404.1574(c) and 20 CFR 416.974(c))—We disregard earnings from work attempts of six months or less that were stopped or reduced to below SGA due to the beneficiary's impairment, or the removal of special conditions. In this update, we changed our data source from eWork to the Disability Control File (DCF).

Table 4. UWA participation.

Calendar Year	Number of Beneficiaries*
2009	4,500
2010	4,000
2011	5,500
2012	8,500
2013	9,000

*Source: Disability Control File (DCF) rounded to nearest 500.
Note: The number of work CDRs for more recent years is incomplete. The number of beneficiaries will continue to increase as work CDRs for these years are completed.

Subsidies and Special Conditions (20 CFR 404.1574)—When determining if earnings represent SGA, we disregard the value of supports received on the job that result in the worker receiving more pay than the actual value of the services performed. For example, we may consider job coaching provided by organizations other than the worker's employer to be a "subsidy."

Table 5. Subsidies and special conditions, SSDI participation.

Calendar Year	Number of Beneficiaries Utilizing Special Conditions*	Number of Beneficiaries Utilizing A Subsidy*
2009	4,500	22,500
2010	4,000	22,000
2011	3,500	21,500
2012	3,500	20,000
2013	2,500	15,000

*Source: Disability Control File (DCF) rounded to nearest 500.
Note: The number of work CDRs for more recent years is incomplete. The number of beneficiaries will continue to increase as work CDRs for these years are completed.

Extended Medicare (Section 226(b) of the Act) — If a beneficiary's benefits are terminated because of work, Medicare coverage will continue for at least 93 months after the end of the trial work period (at least eight and one-half years from first return to work). In this update, we changed our data source from the DCF to the Master Beneficiary Record (MBR) because it is a more accurate source for this data element.

Table 6. Extended Medicare, SSDI participation.

Calendar Year	Number of Beneficiaries
2009	125,000
2010	138,500
2011	141,000
2012	140,000
2013	137,500

*Source: Master Beneficiary Record (MBR) rounded to the nearest 500.
Note: This is the current status of beneficiaries with extended Medicare. Future work CDRs will not affect the number for 2013.

Expedited Reinstatement (EXR) (Section 223(i) and 1631(p) of the Act) —We may be able to start benefits again without a new application if a person stops working within five years of the previous termination date. To be eligible for EXR, the beneficiary must: 1) have had his or her benefits terminated due to work; 2) become unable to continue working at SGA, within 5 years of that termination; and 3) have the same or a related medical impairment.

Table 7. EXR participation.

Calendar Year	Number of Beneficiaries*
2009	10,500
2010	10,000
2011	12,500
2012	13,000
2013	11,000

*Source: SSDI Statistical Annual Report 2013. U.S. Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation and Statistics.
http://www.ssa.gov/policy/docs/statcomps/supplement/index.html

Initial Reinstatement Period (IRP) (Section 223(i) of the Act) —When a beneficiary becomes entitled to EXR, the 24-month IRP begins. During the IRP, we pay benefits for any months the beneficiary's earnings do not exceed SGA. After a beneficiary receives 24 months of payable benefits, the IRP is completed, and the beneficiary is eligible for a new nine-month TWP and EPE.

Table 8. IRP participation.

Calendar Year	Number of Beneficiaries Suspended at Least 1 Month in the IRP*	Average Annual Earnings**	Median Annual Earnings**
2009	5,000	16,500	12,000
2010	5,000	16,500	12,000
2011	5,500	16,000	12,500
2012	5,000	17,000	13,000
2013	3,000	18,500	13,500

*Source: Disability Control File (DCF) rounded to nearest 500.
**Source: Disability Analysis File 2013 (DAF-13)/Master Earnings File (MEF) data, rounded to the nearest $500.

Beneficiary Earnings—When beneficiaries return to work (self-employment or for wages) they are entitled to the work incentives discussed above. This allows them to test their ability to work while still receiving benefits. Beneficiaries taking part in these work incentives will have earnings reported to their record.

Table 9. 2013 annual earnings for SSDI beneficiaries.

Earnings (in Dollars)*	Number	Percent
No earnings	7,203,753	85.4
1 - 1,200	295,507	3.5
1,201 - 2,400	136,722	1.6
2,401 - 3,600	103,147	1.2
3,601 - 4,800	88,348	1.1
4,801 - 6,000	79,897	1.0
6,001 - 7,200	74,583	0.9
7,201 - 8,400	70,404	0.8
8,401 - 9,600	67,323	0.8
9,601 - 10,800	57,271	0.7
10,801 - 12,000	47,036	0.6
12,001 - 12,480	14,785	0.2
Earnings above SGA**	197,866	2.4
Total	8,436,642	100.0

*Source: 2013 100 % Disability Analysis File (DAF) matched to 2013 Master Earnings File (MEF) earnings. The table includes only beneficiaries in current pay or suspense status due to work for at least one month in 2013, age 18 – full retirement age (FRA) in December 2013, and whose current eligibility started prior to 2013 (to exclude pre-disability earnings).
**Note: There are multiple reasons why SSDI beneficiaries could have earnings above SGA in 2013, including that they: 1) may have been in their Trial Work Period, during which they could earn high amounts and still be in current pay status; 2) could be cases that should be in suspense or termination, but their work CDR has not yet been completed; and 3) could be in their Extended Period of Eligibility, with benefits suspended during the year because of high earnings. The SSDI beneficiaries in this table could have been in suspense status due to work in any or all months in 2013.

Work incentives are also available to Supplemental Security Income (SSI) disability beneficiaries. For SSI disability, SGA is a test to determine only initial eligibility rather than continuing eligibility. We do not use SGA as a factor to determine initial eligibility to SSI for blind individuals. When an SSI disability beneficiary returns to work, we do not apply SGA to determine if eligibility continues. We count income and earnings (after allowable deductions) to determine the monthly payment amount. Some of the work incentives that reduce countable earnings for SSI disability are:

Blind Work Expenses (Section 1612(b)(4)(A)(ii) of the Act)—For people receiving SSI based on blindness, we exclude any earnings used to meet expenses needed to earn that income. The expenses do not need to be related to blindness.

Table 10. Blind work expenses participation.

Calendar Year	Number Using Provision*
2009	1,643
2010	1,847
2011	1,570
2012	1,410
2013	1,284

*Source: SSI Statistical Annual Report 2013. U.S. Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation and Statistics.
http://www.ssa.gov/policy/docs/statcomps/supplement/index.html

Impairment Related Work Expenses (Section 1612(b)(4)(B)(ii) of the Act) – We exclude out-of-pocket costs for certain impairment-related items and services needed to work when we count earned income for SSI.

Table 11. IRWE, SSI participation.

Calendar Year	Number of SSI Recipients with IRWE
2009	3,962
2010	3,491
2011	3,399
2012	3,157
2013	2,982

*Source: SSI Statistical Annual Report 2013. U.S. Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation and Statistics.
http://www.ssa.gov/policy/docs/statcomps/supplement/index.html

Plan to Achieve Self-Support (PASS) (Sections 1612(b)(4)(A)(iii), 1612(b)(4)(B)(iv) and 1613(a)(4) of the Act)— Disability beneficiaries can develop an individualized employment plan

that has the goal of reducing or eliminating their dependence on benefits. Under the PASS provisions, an individual can set aside money for specific employment goals that we will not count as income and resources for the SSI means test while the PASS is in effect. The PASS must contain an occupational goal that we expect to increase the individual's prospect for self-support. It must also specify beginning and ending dates, and target dates for reaching milestones that reflect progress towards achievement of the occupational goal.

Table 12. PASS participation

Calendar Year	Number of SSI Recipients using a PASS
2009	1,457
2010	1,393
2011	1,116
2012	1,116
2013	948

*Source: SSI Statistical Annual Report 2013. U.S. Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation and Statistics.
http://www.ssa.gov/policy/docs/statcomps/supplement/index.html

"Section 301" Payment Continuation (Section 225(b) and 1631(a)(6) of the Act (created by section 301 of Public Law 96-265))—This provision allows for continuation of SSDI or SSI disability benefits to individuals whose disability medically ceases while they are participating in a vocational rehabilitation or similar program. To be eligible the individual must have begun participating before the month his or her disability ceased. We must also determine that completion of the program will increase the likelihood that the individual will not return to the disability benefit rolls.

Table 13. Section 301, SSI participation.

Fiscal Year	Number of Beneficiaries
2009	2,051
2010	2,428
2011	2,553
2012	1,713
2013	1,670

*Source: Supplemental Security Record (SSR)

Medicaid While Working ((Section 1619(b) of the Act) – Medicaid coverage can continue even if earnings are too high to allow an SSI payment. Medicaid coverage will continue until an individual's earnings reach an annual "threshold" level. Each State establishes a threshold level every year. We can also determine individualized thresholds for individuals with extremely high medical costs they would be unable to pay without Medicaid

Table 14. Medicaid while working participation.

Calendar Year	Section 1619(a) participants*	Section 1619(b) participants*
2009	11,900	91,534
2010	11,305	72,751
2011	11,763	65,768
2012	11,823	67,920
2013	12,054	67,818

*Source: SSI Statistical Annual Report 2013. U.S. Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation and Statistics.
http://www.ssa.gov/policy/docs/statcomps/supplement/index.html

Chairman JOHNSON. Thank you. Thank you for being with us. We do need to simplify and change.

Mr. Bertoni, welcome. Please proceed.

STATEMENT OF DANIEL BERTONI, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. BERTONI. Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee, good afternoon. I am pleased to discuss the Social Security Administration's efforts to address Disability Insurance program work activity and resulting overpayments.

Last year, SSA paid about 11 million beneficiaries and their families over $140 billion in benefits and identified $1.3 billion in overpayments. To ensure that beneficiaries remain eligible for benefits, SSA requires prompt reporting of their work activity, including starting a job or a change in wages. If the beneficiary does not report as required or SSA doesn't properly process such information, the agency may pay benefits in excess of what is due, resulting in an overpayment.

Avoiding overpayments is important as they pose a burden to those who must repay excess benefits and waste taxpayer dollars when they can't be recovered. It may also create a disincentive to beneficiaries who might otherwise wish to work.

My statement is based on our ongoing work for this Subcommittee and discusses what is known about work-related overpayments and factors affecting the processing of beneficiary work reports.

In summary, over the last decade, $11 billion in overpayments were paid to beneficiaries with work earnings that exceeded program limits, with about 96,000 beneficiaries annually incurring an average overpayment of about $12,000.

Moreover, over the last several years, SSA attributes a significant portion of overpayments to its not taking timely and appropriate action to adjust payments when notified of a beneficiary's work activity.

We identified several factors that affect timely handling of work reports and increases the risk of overpayments, even when beneficiaries try to follow program rules and report work and earnings as required.

First, we identified process weaknesses that could result in staff not issuing a critical receipt that proves a beneficiary's work activity was reported per program rules. Such receipts are also critical to promptly processing work reports and adjusting beneficiary payments to minimize the chance of overpayments.

And, second, while SSA requires staff to timely record and investigate reported work activity, it lacks procedures detailing the steps they must take in screening reports to determine whether further investigation is warranted and for ensuring they are processed and closed out with appropriate action. In fact, at several locations, we didn't identify any agency processes to assess the accuracy or quality of screening decisions or to provide feedback to staff on how to improve work report processing. And, absent better controls, there

is a risk that a report could be improperly closed and the beneficiary overpaid.

SSA also lacks automated reporting options similar to those in its Supplemental Security Income program. For example, SSI recipients can report work and wages through an automated telephone reporting system and a smartphone application, which allow for more prompt action and processing of such reports.

Although deemed effective for the SSI program, the agency has cited complex DI program rules and an unclear return on investment as a reason for not pursuing these tools for both programs. However, this conclusion was based on only a limited evaluation of the cost and benefits of using these reporting options for DI program beneficiaries. In the meantime, SSA's current manual process remains vulnerable to error and can result in long wait times for those who try to report work activity.

Finally, we have long reported that the DI program has complex and sometimes confusing work incentive rules for both beneficiaries and agency staff to understand. During our current field work we found that staff had varying interpretations of program rules for when beneficiaries should report work and earnings and that the direction they provided beneficiaries could lead to overpayments.

And despite the importance of informing beneficiaries of their reporting responsibilities, we found that SSA provides only infrequent reminders via its forms and communications with beneficiaries, and those that it does provide contain limited information. Once again, this is in contrast to the SSI program, where the agency employs various electronic and Web-based reminders for recipients to report work and earnings.

As you are aware, our work is still ongoing, and we will continue to build on the findings discussed today. As such, we will continue to work closely with SSA and this Subcommittee in developing recommendations to address the policies and procedures that pose a risk to both beneficiaries and taxpayers alike.

Mr. Chairman, this concludes my statement. I am happy to answer any questions you may have. Thank you.

[The prepared statement of Mr. Bertoni follows:]

United States Government Accountability Office

GAO

Testimony

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

For Release on Delivery
Expected at 2:00 p.m. EDT
Tuesday, June 16, 2015

DISABILITY INSURANCE

Preliminary Observations on Overpayments and Beneficiary Work Reporting

STATEMENT OF DANIEL BERTONI, DIRECTOR
EDUCATION WORKFORCE AND INCOME SECURITY

GAO-15-673T

GAO Highlights

Highlights of GAO-15-673T, a testimony before the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

June 16, 2015

DISABILITY INSURANCE:

Preliminary Observations on Overpayments and Beneficiary Work Reporting

Why GAO Did This Study

SSA's DI program is one of the nation's largest cash assistance programs. To ensure that beneficiaries remain eligible, SSA regulations require that beneficiaries promptly report their work activity—including starting a job or a change in wages—to the agency in a timely manner. If the beneficiary does not report changes or if SSA does not properly process reported work information, SSA may pay out benefits in excess of what is due, resulting in an overpayment. In fiscal year 2014, SSA identified $1.3 billion in DI benefit overpayments. Avoiding overpayments is imperative as they pose a burden for beneficiaries who must repay excess benefits and result in the loss of taxpayer dollars when they cannot be repaid.

In this statement based on ongoing work, GAO discusses preliminary observations regarding: 1) what is known about the extent of work-related DI overpayments; and 2) factors affecting SSA's handling of work activity reported by beneficiaries. GAO reviewed relevant federal laws, policies, and procedures, and prior GAO, OIG and SSA reports; analyzed 10 years of SSA data on overpayments; interviewed staff at SSA headquarters and at field offices and teleservice centers for three regions, selected to represent a range of relevant DI workloads.

What GAO Recommends

As GAO finalizes its work for issuance later this year, it will consider making recommendations, as appropriate. GAO sought SSA's views on information included in this statement, but SSA was unable to provide its views in time to be incorporated.

View GAO-15-673T. For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

What GAO Found

Over the last decade, preliminary data provided by the Social Security Administration (SSA) indicate that more than half of the $20 billion overpaid in the Disability Insurance (DI) program was associated with beneficiary work activity. Specifically, SSA's data indicate that between fiscal years 2005 and 2014, a total of $11 billion in DI overpayments were paid to beneficiaries with work earnings that exceeded program limits, with an annual average of 96,000 DI beneficiaries incurring an average work-related overpayment of $12,000. In its last 6 annual stewardship reports, SSA attributed some improper payments to its not taking appropriate action when notified of beneficiaries' work activity.

GAO identified a number of factors that affect handling of work activity reports by beneficiaries—factors that stem from weaknesses in SSA's policies and procedures that are inconsistent with federal internal control standards. Such weaknesses increase the risk that overpayments may occur even when DI beneficiaries diligently try to follow program rules and report work and earnings. These weaknesses include:

- **Vulnerabilities in processing work reports.** Based on interviews with SSA staff, GAO identified process vulnerabilities that could result in staff not: (1) issuing a receipt that proves the beneficiary's work was reported—one of two criteria a beneficiary must meet for SSA to waive an overpayment; and (2) initiating tracking of work activity, which would help prevent overpayments. Data are not available to determine the extent to which this might occur.
- **Limited guidance for processing and monitoring work reports.** While SSA has metrics to ensure that staff take action on work reports in a timely manner, it lacks procedures detailing steps staff must take in screening these reports and for ensuring that pending work reports are systematically reviewed and closed with appropriate action, consistent with federal internal control standards.
- **Not leveraging technology.** In contrast to SSA's Supplemental Security Income (SSI) program—a means-tested disability benefits program—the DI program lacks automated tools for beneficiaries to report work. SSI recipients can report wages through an automated telephone reporting system and a smartphone app. SSA cited complex DI program rules and an unclear return on investment for not pursuing these options. However, this conclusion was based on a limited evaluation of costs. Meanwhile, SSA's current manual approach is vulnerable to error and may discourage reporting by beneficiaries who experience long wait times when they try to report work in person at offices or by telephone.
- **Confusing work incentive rules.** The DI program has complex work incentive rules, such that SSA staff interviewed by GAO had varying interpretations of program rules and gave beneficiaries differing instructions on how often to report their work and earnings. In 2012, SSA developed a proposal to simplify program rules, but stated that it does not currently have the authority to test or implement such changes. SSA requested authority that would allow it to conduct such tests in its 2016 budget proposal.

Chairman Johnson, Ranking Member Becerra and Members of the Subcommittee:

I'm pleased to discuss the Social Security Administration's (SSA) efforts to address overpayments and reported work activity for the Disability Insurance (DI) program. The DI program is one of the nation's largest cash assistance programs. In fiscal year 2014, about 11 million individuals with disabilities and their dependents received approximately $143 billion in DI benefits. During the same year, SSA reported detecting $1.3 billion in new DI benefit overpayments,[1] which occur when SSA pays benefits in excess of what is due, or continues to pay those who are no longer eligible. Overpayments often result when beneficiary work and earnings activity—which can affect program eligibility—is not properly reported to or processed by SSA. Overpayments can pose a financial hardship for beneficiaries responsible for repaying the debt, or result in the loss of taxpayer dollars when beneficiaries are unable to repay. Unrecovered overpayments may also have implications for the long-term solvency of the DI trust fund, which DI Trustees project will be exhausted in 2016. In addition, researchers and others have noted that overpayments may also create a disincentive to beneficiaries who might otherwise wish to work.[2]

My statement today provides preliminary observations from our ongoing review for this subcommittee and discusses (1) what is known about the extent of work-related DI overpayments; and (2) factors affecting the handling of work activity reported by beneficiaries. To examine these issues, we reviewed 10 years of SSA data on overpayment debt identified, collected, or written off, which includes waivers and overpayments for which collection activities have been terminated. We

[1] SSA provided GAO summary data on new debt detected each fiscal year for fiscal years 2005 through 2014. SSA cites the source of this data as the fourth quarter report of the Treasury Report on Receivables for each fiscal year.

[2] For example, *The Social Security Administration's Employment Support Programs for Disability Beneficiaries*, 111th Cong. 24-25 (2009)(statement of Cheryl Bates-Harris, Senior Disability Advocacy Specialist, National Disability Rights Network, on behalf of the Consortium for Citizens with Disabilities Employment and Training Task Force and Social Security Task Force) and Gina A. Livermore, Cornell Center for Policy Research, *Wage Reporting and Earnings-Related Overpayments in the Social Security Disability Programs: Status, Implications, and Suggestions for Improvement*, a report prepared at the request of Ticket to Work and Work Incentives Advisory Panel, Social Security Administration, May 5, 2003.

reviewed relevant federal laws and regulations. In addition, we identified agency policies and procedures for processing work reports and assessed these against federal internal control standards.[3] We also identified management strategies and tools used to oversee these processes, and assessed them against federal internal control standards. We examined prior relevant reviews by SSA, GAO and SSA's Office of Inspector General, interviewed managers and staff in headquarters and at several offices in three regions, selected to reflect a range of workloads, and spoke with a national disability rights network representing groups that assist disability beneficiaries. Findings presented here are preliminary, and we will issue a final report later this year. GAO sought SSA's views on information included in this statement, but SSA was unable to provide its views in time to be incorporated.

We are conducting our work 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 will provide a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The DI program was established in 1956 to provide monthly cash benefits to individuals unable to work because of severe long-term disability. To meet the definition of disability under the DI program, an individual must have a medically determinable physical or mental impairment that (1) has lasted or is expected to last at least one year or to result in death and (2) prevents the individual from engaging in substantial gainful activity (SGA).[4] In addition, to be eligible for benefits, workers with disabilities must have a specified number of recent work credits under Social Security when they acquired a disability. Spouses and children of workers may also receive benefits. Benefits are financed by payroll taxes paid into the DI Trust Fund by covered workers and their employers, and the benefit amount is based on a worker's earnings history. In November

[3] Standards for Internal Control in the Federal Government, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[4] The SGA monthly earnings limit in 2015 is $1,090 ($1,820 for blind beneficiaries).

2014, the program's average monthly benefit for disabled workers was about $1,146.

Historically, very few DI beneficiaries have left the program to return to work. To encourage work, the DI program offers various work incentives to reduce the risk a beneficiary faces in trading guaranteed monthly income and subsidized health coverage for the uncertainties of employment—including a trial work period, and an extended period of eligibility for DI benefits. These incentives safeguard cash and health benefits while a beneficiary tries to return to work. For example, the trial work period allows DI beneficiaries to work for a limited time without their earnings affecting their disability benefits. Each month in which earnings are more than $780 is counted as a month of the trial work period. When the beneficiary has accumulated 9 such months (not necessarily consecutive) within a period of 60 consecutive months, the trial work period is completed. The extended period of eligibility begins the month after the trial work period ends, during which a beneficiary is entitled to benefits so long as he or she continues to meet the definition of disability and his or her earnings fall below the SGA monthly earnings limit.

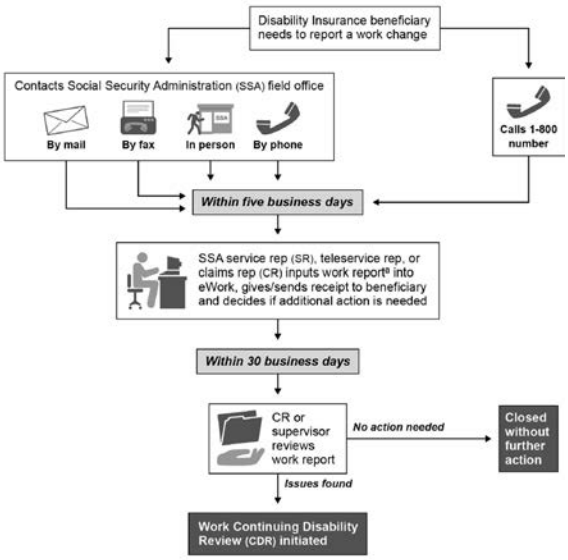
SSA regulations require all DI beneficiaries to promptly notify SSA when: their condition improves, they return to work, or they increase the amount they work or their earnings.[5] Program guidance directs DI beneficiaries to report to SSA right away if work starts or stops; if duties, hours or pay change; or they stop paying for items or services needed for work due to a disability. Beneficiaries may report work by fax, mail, phone, or in person at an SSA field office. SSA staff are required by law and regulation to issue a receipt acknowledging that the beneficiary (or representative) has given SSA information about a change in work or earnings, and documenting the date that SSA received the work report. After receiving information about work activity or a pay stub from a beneficiary, SSA staff have five days to input the information into the system—which creates a pending work report or pay stub report—and hand or mail a receipt to the beneficiary.[6] Staff then have an additional 30 days to review the pending work report to determine if an additional

[5] 20 C.F.R. § 404.1588(a).

[6] SSA guidance directs staff to give or mail the receipt immediately if beneficiary work reports are made in person or by phone; for mailed or faxed reports, or reports dropped off in the field office, staff are directed to input the information into the system and mail the receipt within 5 days of receipt of the information.

action, such as a work continuing disability review (CDR),[7] is needed to assess the beneficiary's continued eligibility for DI benefits. See figure 1. SSA processes over 100,000 work reports or pay stubs annually.

Figure 1: SSA's Procedures for Processing DI Beneficiary Work Reports



Source: GAO analysis of SSA procedural guidance. | GAO-15-673T

[7] Work CDRs are reviews of beneficiary earnings to determine continued eligibility for benefits. These reviews typically involve SSA staff querying centralized agency data systems to identify earnings, sending forms to a beneficiary requesting information about work activity and earnings that may affect eligibility for DI benefits, contacting employers to verify earnings amounts, and assessing other factors such as employer subsidies and impairment-related work expenses.

[a] SSA staff also input pay stub information into eWork within 5 days, but the resulting pay stub reports are not subject to the 30-day time frame that applies to work reports.

Benefit overpayments can occur when beneficiaries do not report work or SSA does not take action on work reports in an appropriate or timely manner. When a DI work-related overpayment is identified, the beneficiary is notified of the overpayment and may request reconsideration or waiver of that overpayment.[8] SSA may grant a waiver request if the agency finds the beneficiary was not at fault AND recovery or adjustment would either defeat the purpose of the program or be against equity and good conscience, as defined by SSA.[9]

SSA's DI cumulative overpayment debt has almost doubled over the last decade, growing from $3.2 billion at the end of fiscal year 2004 to $6.3 billion at the end of fiscal year 2014, according to SSA data.[10,11] Cumulative overpayment debt is comprised of existing debt carried forward from prior years, new debt, reestablished debts (debts reactivated for collection due to re-entitlement or another event) and adjustments,

[8] A beneficiary requests reconsideration when he or she disputes the occurrence of the overpayment itself, 20 C.F.R. § 404.907, and requests a waiver when asserting he or she is both not at fault for the overpayment and incapable of repaying the debt, 20 C.F.R. § 404.506. A waiver permanently terminates collection of a debt and removes the debt from SSA's balance sheet.

[9] 20 C.F.R. § 404.509.

[10] GAO previously reported that cumulative DI overpayment debt is understated due to a limitation in SSA's Recovery of Overpayments, Accounting and Reporting (ROAR) system. Used to track overpayments and collections, ROAR cannot capture and track debt scheduled to be collected beyond the year 2049. As a result, the amount scheduled to be collected after that year is not reflected in current totals even as it annually increases. GAO recommended that SSA correct the ROAR 2049 system limitation so that debt scheduled for collection after 2049 is included in the system and available for SSA management, analysis, and reporting. SSA agreed with this recommendation. For more information see GAO, *Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*, GAO-11-724 (Washington, DC: July 27, 2011).

[11] SSA provided summary data on cumulative debt, new debt detected, adjustments, collections, and write-offs for each fiscal year for fiscal years 2005 through 2014. SSA cites the source of this data as the fourth quarter report of the Treasury Report on Receivables for each fiscal year.

minus debts that are collected or written off by SSA.[12] Cumulative DI overpayment debt has continued to grow because in nine of the last ten years the debt added exceeded the total debt collected and written off. Specifically, over the 10 years reviewed, SSA added about $15.4 billion in debt,[13] while collecting and writing-off $12.3 billion.[14]

Most DI Overpayment Amounts Are Associated with Work-Related Activity That Exceeds Program Limits

According to preliminary data provided by SSA, the agency overpaid DI beneficiaries a total of about $20 billion during fiscal years 2005 through 2014, and more than half of this total ($11 billion) was a result of beneficiaries' work-related earnings exceeding program limits.[15] According to these data, each fiscal year an average of about 96,000 DI beneficiaries (or 28 percent of all beneficiaries overpaid each year) received excess benefits totaling $1.1 billion because their work activity exceeded program limits. The average work-related overpayment per beneficiary was almost $12,000 during this time period, ranging from $10,456 in fiscal year 2014 to $14,208 in fiscal year 2011. We are continuing to assess the reliability of these data as part of our ongoing work.

[12] Write-offs include waivers and terminated collections. Waivers represent money the agency will never recover because they permanently remove overpayments from SSA's accounts receivable balance. Terminated collections conditionally remove debts from SSA's accounts receivable balance, as the agency has ceased active internal collection efforts, but they are available for future collection if the debtor becomes re-entitled to benefits. SSA will re-establish the debt and resume recovery through benefit withholding. SSA will also reestablish the debt if it receives a collection from one of its external collection methods such as tax refund offset.

[13] New debt accounted for about $14 billion, or about 91 percent of the total added debt. Reestablished debts, which are debts reactivated for collection due to re-entitlement or other event, and adjustments accounted for about $686 million and $667 million of the total respectively.

[14] During this period, SSA collected $7.8 billion and wrote off $4.5 billion.

[15] These preliminary data on overpayments during fiscal years 2005 through 2014 were extracted from SSA's Recovery of Overpayments, Accounting and Reporting system (ROAR) master file on May 11, 2015, and do not match information on new debt found in the fourth quarter Treasury Report on Receivables for those years which contain data as of the end of each fiscal year. SSA attributes the difference to the fact that the ROAR master file is continuously updated, including debt established in prior years. GAO will continue to review the reliability of the ROAR data and include the results in our final report expected to be issued later this year.

SSA's annual stewardship reviews provide limited insight into the causes of overpayments. Stewardship reviews are based on a sample of cases, and are used by the agency to report on the accuracy of benefit payments.[16] In its stewardship reports, SSA uses the term deficiency dollars to quantify the effect of each individual deficiency in a case which could cause an improper payment.[17] In its last six stewardship reports, SSA reported that deficiency dollars related to beneficiaries' incomes being above DI program limits were consistently a leading cause of improper overpayments in the DI program.[18] SSA also attributed some of these deficiencies to not taking appropriate or timely action to adjust payments when it was notified of beneficiaries' work activity. However, GAO has not yet fully evaluated SSA's methodology for conducting these reviews.

Process Vulnerabilities and Complex Program Rules May Pose Challenges to Correctly Handling Work Reports

[16] Due to small sample sizes, SSA reports its findings on deficiencies in five year increments. Its 2014 report includes results for fiscal years 2010 through 2014 while its 2013 report includes 2009 through 2013 results.

[17] An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable guidance. According to SSA, certain overpayments are unavoidable and not improper if the payment is required by statute, regulations, or court order. SSA refers to each error in a case which causes an improper payment as a deficiency.

[18] Deficiency dollars track the individual effect of each separate deficiency. Because SSA may identify more than one error causing the same improper payment in some cases it reviews, deficiency dollars can be greater than the total overpayment for each case.

Vulnerabilities in Processing DI Work Reports

Based on our discussions with SSA staff in field offices and teleservice centers, we identified a number of situations where beneficiaries report work or earnings, but staff may not enter information into the system, which is inconsistent with federal internal control standards,[19] or may not provide a receipt, as mandated by law.[20] Whether DI beneficiaries report work information in person or by fax, mail, or telephone to SSA field offices or the agency's 800 teleservice line, in accordance with procedures, staff must manually enter the information into the system to initiate tracking and issue a receipt. Specifically, SSA representatives have five days to manually enter the information into the eWork[21] system, which also generates a receipt to be mailed or given to the beneficiary. Issuing a receipt is required by law and valuable to the beneficiary for two reasons: (1) the beneficiary can review the receipt to ensure that the information is correct; and (2) a beneficiary who later receives an overpayment can produce work report receipts to prove that he/she properly reported work activity.[22] This system also tracks pending work reports to ensure completion within 30 days. Tracking is critical for ensuring SSA promptly processes the work report and takes the actions needed to adjust a beneficiary's benefits and minimize the chance of overpayments.

However, in our work at several locations, SSA staff told us that if the eWork system is unavailable, or if the representative is busy, he or she may not enter the information and issue a receipt to the beneficiary. In addition, at one location, we learned that, until recently, SSA teleservice staff were using an alternate approach for sending work reports to the

[19] In accordance with federal internal control standards, agencies should ensure that all transactions are recorded promptly and accurately to help management control operations and make decisions. Standards for Internal Control in the Federal Government, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[20] As noted earlier, SSA staff are required by law and regulation to issue a receipt acknowledging that the beneficiary (or representative) has given SSA information about a change in work or earnings, and documenting the date that SSA received the work report.

[21] In 2004, SSA implemented the eWork system, which is the primary system for processing work CDR cases in headquarters and field locations.

[22] Being able to demonstrate that a beneficiary is "without fault" for an overpayment is the first criterion that must be met when SSA decides whether an overpayment can be waived and work report receipts can provide verification that the beneficiary has properly fulfilled the obligation to report.

field office for manual entry and processing,[23] instead of directly entering the information into the eWork system themselves. Work reports handled this way lack the controls in eWork; for example, they are not automatically tracked against the 30-day goal for work report completion. As such, they can be more easily missed or overlooked, and could be deleted or marked as completed without action being taken. Finally, claims representatives in the field office may also bypass the work report process entirely and initiate a work continuing disability review (CDR) instead. Some SSA claims representatives we interviewed told us that they skip the work report step and do a CDR instead because it is more efficient, but this means that the beneficiary does not receive a receipt.

Stakeholder groups we interviewed have also observed problems with receipts, but SSA has limited data to assess this and other vulnerabilities in the work reporting process. In particular, stakeholders said that beneficiaries they work with do not always receive receipts, especially when reporting work by calling the 800 teleservice line. However, SSA's ability to determine the extent of these vulnerabilities is hindered, in part, due to data limitations. SSA's eWork system does not capture data that would help the agency determine how many work reports are filed by fax, mail, or in person. This system also does not allow SSA to determine how often staff go directly to a CDR without first completing a work report and issuing a receipt. Moreover, while SSA's system archives copies of printed receipts, it does not provide aggregate data on receipts provided. So even though SSA officials noted that local offices have procedures in place to ensure the timely processing of information received by mail or fax, data limitations prevent SSA from knowing the extent to which receipts are provided within five days. Further, according to SSA officials, determining the extent to which 800 teleservice staff might be using alternative approaches for sending work reports to field offices would require a significant effort to match data between two different systems.

Limited Guidance for Processing and Monitoring Work Reports

Although the agency monitors work reports for timeliness, SSA lacks guidance for processing work reports through completion, and monitoring them for quality. SSA has set a 30-day time frame for staff to screen pending work reports, and decide whether further action is required in

[23] Rather than eWork, teleservice staff may use Modernized Development Worksheets (MDW) to transmit beneficiary work information to a field office. MDWs are a type of inter-office message used to request assistance from another SSA office.

light of the information in the work report, or whether the work report can be closed without additional action. Field office managers who oversee field office workloads have access to management information showing the number and age of pending work reports, and those we interviewed indicated that they follow up on pending work reports approaching the 30-day timeframe to ensure timely processing. However, the agency has not established policies or procedures detailing the steps staff must take in screening these reports. Federal internal control standards state that agencies' policies and procedures should be clearly documented in administrative policies or operating manuals.[24] Without explicit policies or procedures on how to screen a work report—that is, how to evaluate whether it should be closed or referred to a work CDR to determine whether the beneficiary's benefits should be adjusted—there is an increased risk that a report could be improperly closed, and result in a beneficiary being overpaid. SSA also lacks guidance and processes for ensuring the accuracy and quality of its work report decisions. In our work at several field locations, we did not identify any processes that would have either assessed the accuracy or quality of the screening decision, or provide feedback to staff on how to improve their decision making.[25] In accordance with federal internal control standards, agencies should assure that ongoing monitoring occurs in the course of normal operations, and assess the quality of performance over time.[26] The absence of oversight and feedback increases the risk that the agency may not identify errors with work report decisions in a timely manner.

[24] GAO/AIMD-00-21.3.1

[25] SSA's policy manual states that all work activity should be evaluated during the work CDR process. This includes reviewing and, if necessary, correcting or updating the work report information previously provided by DI beneficiaries. However, this policy does not cover work reports that are closed without going through the CDR process, and does not establish guidance for how to review and provide feedback on the initial work report decision.

[26] GAO/AIMD-00-21.3.1

SSA Has Not Automated DI Beneficiary Work Reporting

SSA does not offer automated reporting options for DI beneficiaries — similar to those currently used in SSA's Supplemental Security Income (SSI) program[27]— even though such options could address vulnerabilities we identified. According to SSA officials, SSA first piloted a telephone wage reporting system for SSI beneficiaries in 2003, and has used it nationally since 2008. In 2013, the agency also rolled out a mobile smartphone application for reporting work activity for SSI. Unlike the DI program's manual process, both of these SSI reporting options assist with agency tracking and issue receipts to the beneficiary without staff intervention. SSA has also noted that these automated reporting tools make reporting easier and more convenient for beneficiaries, and reduce field office workloads. SSA reported that it processed over 44,000 SSI telephone wage reports in September 2013, surpassing its fiscal year 2013 goal of 38,510 reports per month. In September 2013, the agency also received over 5,100 wage reports through its smartphone application. SSA continues to promote these methods and has stated that expanded use of automated reporting should help reduce improper payments in the SSI program.

Despite potential benefits to the DI program, SSA officials told us the agency has not used SSI reporting systems for DI beneficiaries. In October 2010, SSA created a work group to begin exploring the development of a telephone reporting system for the DI program but, according to SSA officials, the project was discontinued in February 2011—after developing cost estimates for one year of development—due to lack of resources. They also told us these efforts were not resumed because the automated reporting in the DI program would not have the same return on investment as in the SSI program, due to the complexity of DI program rules. For example, officials stated determinations concerning DI work incentives—determinations that are currently a part of the work CDR process, not the DI work reporting process—cannot be easily automated.[28] SSA officials also stated that they currently favor

[27] The Supplemental Security Income (SSI) program, which is administered by the Social Security Administration (SSA), provides cash assistance to financially needy individuals who are aged, blind, or disabled. Although concurrent DI and SSI beneficiaries may report their wages using the SSI automated systems, DI-only beneficiaries are excluded.

[28] In processing DI work reports, SSA staff may document various information relevant to DI work incentives, such as earnings and employment-related work expenses—but determinations concerning how that information impacts benefits are made during the work CDR process .

using the www.mysocialsecurity.gov portal as the best approach for providing automated reporting options to DI beneficiaries. However, they did not provide any information on plans, timelines or costs associated with implementing such an approach. In the meantime, the current, manual DI work activity reporting options leave the process more vulnerable to error, provide less proof of beneficiaries' due diligence, and subject beneficiaries to less convenient reporting mechanisms.[29]

Unclear Guidance and Complex Program Rules May Result in Confusion Regarding Work Reporting Requirements

Overpayments may arise because of unclear work reporting requirements and staff's differing interpretations of complex DI program rules. For example, SSA's regulations and its policy manual both state that DI beneficiaries should "promptly" report changes to work activity, but SSA has not defined this term, leaving this open to interpretation by both beneficiaries and SSA staff. Similarly, in its pamphlet "Working While Disabled," beneficiaries are instructed to report changes in their work "right away." However it does not prescribe a time period or frequency of reporting. During our site visits, we found variation in how staff instructed beneficiaries to report. For example, some staff said they instruct beneficiaries to report monthly, regardless of whether there are changes in their work, which is similar to the SSI program's wage-reporting requirements. Others told us they tell beneficiaries to report 10 days after any change, which is also similar to another SSI reporting requirement. One staff person indicated that she instructs beneficiaries not to bother reporting earnings under $15,780 per year, even though this earnings limit applies to those receiving Social Security retirement benefits, not DI.[30] Thus a DI beneficiary who relied on such information could incur an overpayment. According to federal internal control standards, federal agencies should ensure that pertinent information is distributed to the right people in sufficient detail and at the appropriate time to enable them to carry out their duties and responsibilities efficiently and effectively.

Further, our preliminary findings suggest that some SSA staff do not fully understand DI's complex work incentive rules. Service representatives

[29] In fiscal year 2014, SSA reported that its average speed of answer on the 800 teleservice line was about 23 minutes. Similarly, DI beneficiaries may face long wait times in local field offices, particularly at the beginning of each month.

[30] For some Social Security retirement beneficiaries, SSA deducts $1 in benefits for each $2 in earnings above the 2015 annual earnings limit of $15,720.

who take work reports through SSA's 800 teleservice line or at the window in an SSA office are generally less highly trained or specialized in their knowledge about work incentives and may not always provide accurate information. For example, several staff we spoke with confused the trial work period earnings threshold with substantial gainful activity (SGA) earnings limits.[31] Such a mistake might result in beneficiaries—who, for example, plan to return to work—being told not to report earnings that they should be reporting. Stakeholder groups we spoke with cited similar examples of SSA staff providing beneficiaries with incorrect information on work incentives. SSA officials told us that in fiscal year 2013, the agency sampled calls received on its 800 teleservice line for quality review purposes, and found that calls regarding disabled work activity represented only 1 percent of the total call workload, but 2.3 percent of all errors identified. Several SSA managers we spoke with said that training could be enhanced for those staff answering calls on SSA's 800 teleservice line.

SSA has developed a proposal to reduce complexity in the DI program, but has not tested or implemented this proposal to date. In its fiscal year 2012 budget request, SSA proposed the Work Incentives Simplification Pilot (WISP), to test a streamlined approach to evaluating DI Program work activity and reduce administrative workloads by making it simpler and less time-consuming for staff to verify earnings and validate benefits. It was also intended to reduce improper payments and eliminate rules that confuse beneficiaries, such as different definitions for income for the DI versus SSI program.[32] Ultimately the agency hopes such an effort will reduce incidences of overpayments that may serve as a disincentive to DI beneficiaries who wish to work. SSA convened a Technical Advisory Panel to design a demonstration of WISP, which issued a report with recommendations in 2012 but also noted that the agency lacks authority

[31] During the trial work period, beneficiaries receive their full Social Security disability benefits regardless of how much they earn, as long as they report work activity and continue to have a disabling impairment. In 2015, a trial work period month is any month in which total earnings are over $780, and the trial work period continues until a beneficiary has worked nine months within a 60-month period. In contrast, the SGA monthly earnings limit in 2015 is $1,090 ($1,820 for blind beneficiaries) and is applicable after the 9-month trial work period is completed.

[32] Under the DI program, earnings are counted when earned, while under the SSI program earnings are counted when paid. For beneficiaries who receive benefits from both programs, SSA may have to contact beneficiaries, employers, or both to obtain additional information in order to correctly calculate earnings both ways.

to implement the proposed demonstration.[33] However, the report also noted that SSA could conduct a pre-test to inform a large demonstration. This is an issue we will continue to explore in our ongoing work.

Despite the importance and challenges associated with work reporting, SSA provides beneficiaries with infrequent reminders, and those reminders it does provide contain limited information about potential liability for overpayments. GAO's internal control standards state that management should ensure there are adequate means of communicating with, and obtaining information from, external stakeholders that may have a significant impact on the agency achieving its goals.[34] SSA currently informs beneficiaries of reporting requirements when their benefit claim is initially approved; although it could be many years before a beneficiary returns to work. Nevertheless, one SSA representative/ manager indicated that the page signed by beneficiaries when they are initially approved for benefits could specifically include information about work reporting requirements, which would make it more difficult for beneficiaries who incur an overpayment to claim that they were unaware of their reporting responsibilities. SSA also sends an annual letter to beneficiaries regarding cost-of-living adjustments to their benefits that includes a reminder of their reporting responsibilities; however, several staff indicated that additional reminders would prompt more beneficiaries to report work. In contrast, in fiscal year 2014, SSA began providing a web-based service designed to prompt SSI beneficiaries to report wages, using notices, emails and reminders—an option not currently available for DI beneficiaries.[35] SSA officials stated that the agency does not have near-term plans to provide additional notices to DI beneficiaries to encourage work reporting. Finally, although the initial application and annual letter mention potential liability for overpayments for beneficiaries who fail to report work, SSA's "Working While Disabled" pamphlet—which

[33] Since 1985, SSA's demonstration authority has been extended five times. The most recent of these extensions expired in 2005. In 2008, GAO found that SSA's demonstration projects had little impact on disability policy and the SSDI and SSI programs. (Social Security Disability: Management Controls Needed to Strengthen Demonstration Projects. GAO-08-1053 (Washington, D.C.: September 26, 2008). SSA's 2016 budget proposal included a request to reauthorize and expand demonstration authority for the DI and SSI programs.

[34] GAO/AIMD-00-21.3.1.

[35] SSA established this web-based system because it deemed unreported and untimely reported wages to be a major source of SSI program payment errors.

contains details about work incentives and is provided to beneficiaries who contact SSA about work—does not explain circumstances under which a beneficiary could be found liable for an overpayment. Some SSA staff we spoke with said they tell beneficiaries not to spend benefit checks or deposits that they believe were sent in error. However one stakeholder group we spoke with said that many beneficiaries mistakenly believe that, if they diligently report work and still receive benefits, then they must be entitled to those benefits. We will continue to assess the issues discussed in this statement and will report our final results later this year.

Chairman Johnson, Ranking Member Becerra, and members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contacts and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact me at (202) 512-7215 or bertonid@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 members who made key contributions to this testimony are Michele Grgich (Assistant Director), James Bennett, Daniel Concepcion, Julie DeVault, Dana Hopings, Arthur Merriam, Jean McSween, Ruben Montes de Oca, James Rebbe, Martin Scire, Charlie Willson, and Jill Yost.

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Chairman JOHNSON. Thank you. I appreciate your testimony. I wonder how you keep track of every office that those reports go into. How do you?

Mr. BERTONI. It is all up here.

Chairman JOHNSON. I think that is part of the problem.

As is customary for each round of questions, I will limit my time and ask my colleagues to also limit their questioning time to 5 minutes.

Dr. Weaver, on the screen is a chart provided by Social Security on all the rules a disability beneficiary needs to deal with if they are working or looking to get back to work. I don't know how beneficiaries can make sense of all that. Can you?

Mr. WEAVER. It is definitely complicated. I think when you talk about our disabled population you are talking about individuals who suffered something terrible, a health impairment. They often have financial conditions. So we know that the population is dealing with a lot of issues, and a process like this to them often is viewed as complicated. So we do agree that the rules that have been built over time—the intention is to make it safe to return to work, but there is an issue of whether the complexity has become too much.

One of the things we do to try to help our beneficiaries is not to just give notices or reminders to them about the work rules, but we support a large number of partners. About 400,000 of our beneficiaries are either working with a State VR agency or an employment network under the Ticket to Work program. Another 40,000 are working with community-based work incentive planning assistance organizations or protection and advocacy organizations.

So it is complicated. In some cases the best way to deal with that is for the beneficiary to get help from one of our partners.

Chairman JOHNSON. How can a Social Security office determine whether the guy deserves benefits continually or not? And you can't count on the guy telling you: Hey, I am okay now, I am working. They are not doing that.

With all these rules, how in the world is someone supposed to know if they ought to be getting disability still or if Social Security has even made a mistake and the individual is racking up overpayments that they may have to pay back?

Let's assume that a person does everything right, they tell Social Security they are making money, they are following all the rules. If that is the case and they receive an overpayment, is that person still responsible for the overpayment or to tell them about it?

Mr. WEAVER. It is possible the person is still responsible for the overpayment. The waiver requirements are in the Act and we have built policy and regulations around them, but, generally, it depends as a rule if the person is without fault and if they have the resources to pay us back. But it is possible somebody reported timely——

Chairman JOHNSON. Well, do you go after it?

Mr. WEAVER. We do try to collect the over——

Chairman JOHNSON. Repayments?

Mr. WEAVER. Yes.

Chairman JOHNSON. We try. When you say try, what do you mean?

Mr. WEAVER. Well, we have to work with the beneficiary to determine whether they can pay the money back. So we look at whether their income is sufficient to cover their day-to-day living expenses.

Chairman JOHNSON. But if they are making any income at all, do they still deserve the disability payment?

Mr. WEAVER. I think in many cases they deserve it. I think the issue is that we are required to collect overpayments. We do take account of the beneficiary's circumstances, and if they have limited income or resources we can sometimes waive the overpayment.

Chairman JOHNSON. Do you have any idea how much in overpayment you have recovered in a year?

Mr. WEAVER. I may have to get back to you.

Chairman JOHNSON. If you look at that chart, I am not sure it is working the way that Congress intended for it to work.

Social Security has offices all over the country managing the program, and we hear a lot about how Social Security needs more money to administer the program. Now, your testimony states that work CDRs are one of your most resource-intensive administrative workloads due to the complexity of the work incentive program.

Do you think it would reduce administrative costs to simplify work incentives or even centralize the work instead of spreading it all over the country?

Mr. WEAVER. I think it is possible that changes in the law to simplify the programs could reduce the administrative burden. You would have to look at that carefully in terms of how it affected the beneficiaries. But I do think there are certainly possible policies that would reduce complexity and lower the administrative——

Chairman JOHNSON. How many workers do you have working on CDRs?

Mr. WEAVER. We do about 250,000 CDRs per year. I would have to get you the figure on how many workers support that workload.

[The first submission of Mr. Weaver follows:]

We do not discretely identify the number of employees involved in processing CDRs. Many of our Operations employees are involved in the CDR process. These same employees process a variety of other workloads, including claims, appeals, redeterminations, and post-entitlement actions.

In response to your question about how much do we collect in overpayments: In the last fiscal year we recovered $900 million in overpayments in the DI program.

Chairman JOHNSON. Do you know what the total overpayment was?

Mr. WEAVER. Are you referring to work-related overpayments? I will have to get you that figure.

[The second submission of Mr. Weaver follows:]

We estimate that last year we collected approximately $256 million in work-related DI benefit overpayments.

Chairman JOHNSON. Mr. Bertoni, shouldn't this process be simplified and improved? And, in doing so, wouldn't it help beneficiaries and also help Social Security save on administrative costs?

Mr. BERTONI. I would say, first, last year work-related overpayments were about $1.3 billion. So that is where they were last year.

As far as saving administrative costs, I would defer to the agency. They have probably looked into this. But there is no doubt that processing and following up on thousands of work reports annually is a huge workload and a very costly workload.

Administrative simplification and simplifying the program could in fact result in some cost savings. But it all comes down to, the devil is in the implementation details. What you choose to simplify, how you get there is going to drive where your savings end up.

There are some changes that could, in fact, result in the administrative savings, but at the end of day could result in more benefit outlays. But if you have a less complex program, less error-prone program, a program that is less vulnerable to fraud and abuse, that is a tradeoff.

So it really comes down to how you design it, what you choose to simplify, and what your goal is.

Chairman JOHNSON. Have you thought about it? I am sure you have. Can you help us simplify the program?

Mr. BERTONI. There are aspects of the program that clearly don't make sense. There are options out there to do that. I think that the best source for you to go to would be the folks that administer this program. I think you need to work closely with SSA. They know this program front and back. We certainly can evaluate these options and give you criteria by which to evaluate them, but I have no specific model that I would pursue.

Chairman JOHNSON. Thank you, sir.

Mr. Becerra, you are recognized.

Mr. BECERRA. Thank you, Mr. Chairman.

Thank you for your testimony. I think what your testimony highlights to me is that this is one tough job to try to administer in terms of making sure it is being used for the right reasons, but at the same time making sure it is available, because these folks who have qualified for the disability, they have no obligation to try to go out there and work. For the one-fourth of all these disability recipients who try to work, what they are saying to us is, "Hey, I am so disabled I qualify to receive the benefits," but they are still saying, "But let me see if I can go out there and work." I think what we want to say to them is, "Go for it. We want you to succeed."

The difficulty is the balance between providing them with the protections, because the last thing we want to do is say, "Go out there and try to find a job," and they land a job, and they succeed at it for 25 days, but we have cut off their benefits because now they are working, and on day 26 they no longer have a job, now they have nothing.

I think we would give them a disincentive to try to find work if we told them, "You found work, that is it, we are going to cut you off." Of course, that means that we have to run the risk that somebody finds work, and works and works and works, and now is doing fairly well, but hasn't informed SSA, the Social Security Adminis-

tration, that they are now working well and they may not need the disability benefits at the level they have. That is the tough part.

We want to go after those folks who start to game the system. At the same time, we want to give every American who is disabled the incentive to believe, "I can still get out there and do work."

Having said that, Mr. Weaver and Mr. Bertoni, please, if you have anything you would like to shed on this. Are there any of these protections that we have provided that you think we can undo as part of simplification? For example, we tell a Social Security disability recipient, "Go out and find work. If you find work for several months, we are still going to pay you your benefits even though we know you are working. We are still going to pay you the benefits until longer term, when we see that you are going to be able to sustain yourself." Should we get rid of that incentive?

Mr. WEAVER. Well, let me offer a few comments without advocating a particular policy.

If you just took the work incentives away, it would harm our beneficiaries. So the issue is, what do you put in place or what do you keep?

I think one of the things that confuses our beneficiaries is the number of periods we have in the law. When we tell our beneficiaries, well, there is a period where you can have 9 trial work months in a 60-month period and it has no effect on your benefits, and then you get in the extended period of eligibility and you go above another amount, it does cease your benefits but we may be able to restart them, and then there are other periods, I think that——

Mr. BECERRA. You have already confused me.

Mr. WEAVER. Yes, it is hard to state that in words, and for people who are struggling with a lot of issues, as our population is, it is confusing. So I think the issue is, can you find some alternative that is protective of beneficiaries but is simpler? Again, not to endorse any proposal, but there are proposals out there to look at benefit offset formulas.

We had an idea for a demonstration proposal a few years ago, and it is not a current one, but under that proposal you would have very simple rules, that if the person earns above substantial gainful activity, which is about $1,090 a month, they wouldn't get paid a benefit; if they earn below that they do get paid a benefit. We don't terminate them, they don't have to go through all these periods.

So rule-based things may help; but, again, I'm not advocating any.

Mr. BECERRA. So, where we can, try to streamline it so it is clear for the person who is trying to work. I know you have a project, it is called the Work Incentive Simplification Pilot, where you are going to try to see if you can figure out a way to simplify things. But you are calling it a pilot project, you are not just implementing it full blown right away. Is that because you want to test it, to see if it works?

Mr. WEAVER. Right. It is not an official pilot at this point. It was in the 2012 President's budget, but it is not in the current one. So we don't want to put everything in what we call the Work Incentive Simplification Pilot. We are interested in working with

Congress on finding if there are particular incentives we could test. You are right. You would want to test it before you put it in the program to see if it improved things, such as lowering the administrative burden, or whether it encouraged people to return to work.

Mr. BECERRA. Mr. Chairman, I think it would be helpful the next time we have a hearing on this to have someone who could speak from the beneficiary, that disabled American's perspective, so that we could get a sense from them what they think works, doesn't work, where are the complications, the complexities for them to navigate the process.

Most of these folks would tell you they are trying to do the right thing. Part of the problem is the delays that they incur in getting a hearing to get this settled. I know that the wait time is over a year now to have an administrative law judge hear their case. I don't think any American wants to deprive an American who worked and is now disabled the chance to receive the proper benefits that they have paid into.

You mentioned, I think—was it Mr. Weaver or Mr. Bertoni? I think you mentioned there are 250,000——

Mr. WEAVER. Work CDRs.

Mr. BECERRA. Work CDRs. And CDRs, again, are?

Mr. WEAVER. Continuing disability reviews.

Mr. BECERRA. So these are the cases that you are looking at in the event that there may be something going on in them.

Mr. WEAVER. That is correct. And those are complicated workloads. If we don't get a timely report from the beneficiary, we do enforcement actions where we receive data from the IRS that is posted to our earnings file.

Mr. BECERRA. That is a red flag that has gone up saying to you, we have to look at this person's file to make sure that they are receiving the benefits they deserve.

Mr. WEAVER. That is right. And at that point you have to employ this whole chart, but retrospectively, because it is after the fact.

Mr. BECERRA. Yeah. So not only do you have the complexity of the chart, but if I did my math correctly, if you have 250,000 of these cases, it sounds like a lot, but when you have 64 million people who are receiving benefits under Social Security, that translates into, if my math is correct, less than one-half of 1 percent. So more than 99 percent of Americans who are receiving their benefits under Social Security aren't part of this, but we still want to make sure that we are only giving benefits to those who have earned them.

So, I think, Mr. Chairman, this is where we have to go. I think we all agree on a bipartisan basis. We have to figure this out, whether it is because of the delays because of the bureaucracy that we are not getting to these overpayments quickly enough or it is because someone happens to be trying to game the system, we want to go after those folks, because at the end of the day what we want is a program that actually does encourage people to work if they can. I mean, I want to give any American who is disabled, who says, "I can still work, let me show you," the opportunity to do so.

So, I appreciate your testimony.

Mr. Chairman, I think this is one of those areas where we are probably going to have to delve into it quite a bit, because it sounds to me like you have to shepherd these things a lot. You are never going to come up with some real simplistic formula to determine someone who can and cannot work or is or is not receiving benefits they deserve. It is going to take a lot of investigative work, and that is where I think if we do more to provide the resources so you get through those CDRs quickly, we will be able to process this in the right way for Americans who have paid into Social Security.

With that, Mr. Chairman, I will yield back.

Chairman JOHNSON. Are you ready to fill out your form for a job?

Mr. BECERRA. I hope, for a while, I still don't have to worry about that, Mr. Chairman.

Chairman JOHNSON. Mr. Young, you are recognized.

Mr. YOUNG. Thank you, Mr. Chairman, for holding this hearing. And I thank both of our witnesses for mastering the details of this chart and others so that we can be better informed and craft better public policies.

I am very confident that together, in a bipartisan way, or nonpartisan way, we can make meaningful improvements to how these programs are administered, and we want to be a partner in that, in working with you and others, and the beneficiary community as well.

In the end, this comes down to capability depravation, the depravation of capabilities that results from, in some instances, a flawed work reporting process, which leads to overpayments, which can exacerbate the return to work. And we want people to go back to work because most people want to work if able to do so. And so this is about empowerment.

I am confident we can do this. I used to be a management consultant, and we would go into organizations, we would flowchart stuff out, we would look for opportunities to automate and reduce some of these different boxes where they existed.

And very frequently there were, we called them COTS, commercial off-the-shelf technologies that had worked in one environment for one purpose and one enterprise and could be modified to also work in another enterprise, a similarly situated one that perhaps provide some more services. I see a similar opportunity here, it is not something I have conceived of, but others have discussed this, and that is looking to the means-tested SSI, Supplemental Security Income program. They have a mobile app and an automated phone system, unlike the disability program.

And so I guess my first question would be, why can't we make this automated set of tools available to and adapted to the needs of SSDI and recipients?

Mr. WEAVER. Sure. Thank you for the question.

We are highly motivated to have technology that solves these problems. When we looked at the SSI program, we did have more to work with in terms of policy complexity and structure. So, in the SSI program, there isn't a trial work period or an extended period of eligibility. Earnings have an effect on cash payments through a formula, that is, if you earn above a certain amount, $65 a month, each $2 of earnings reduces a dollar of the SSI amount. So it lent

itself to a more direct technology where somebody could input their wages and we could seamlessly put that through our systems to compute a payment.

On the DI side, I think some of the things we struggled with are that it depends on where you are in the structure about how earnings effect your benefits. But I take your point about the improvements in technology, but I think some of it was driven by the complexity of the DI program in particular.

Mr. YOUNG. So is it your belief that perhaps, at least for a subset of the disability recipient population, adaptation of existing technologies may be one of the options we pursue?

Mr. WEAVER. I would have to reflect on that. It may be for a subpopulation that system would work, but I would have to give it a little more thought.

Mr. YOUNG. Okay.

Mr. BERTONI. Mr. Young, I think I could touch on that a little bit.

We think that the agency should be looking at those alternative technologies. And perhaps they are looking at it a bit differently than we are. I understand that there are complexities associated with the DI program, there is a different level and multiple levels of additional layers that you have to dig down into to determine whether there is a work CDR to be ordered.

But these apps, as well as the telephone reporting system, do a couple things. The first thing they do is to give beneficiaries a couple more avenues to report wages and earnings, and, hopefully, in a timely way, to prevent an overpayment; if not that, to reduce the overpayment. So there is a use there. So there is some value there.

The second thing they do is they address this longstanding problem of no receipt. If you have a receipt in this program and you get an overpayment, the receipt proves that you reported work activity. And if you have a receipt, that is how you can get the waiver.

Mr. YOUNG. So, bottom line, is you think this is worthy of pursuing, you think it could conceivably work. And so I will just put a period there because I sense that is a fair summary. Can you nod affirmatively?

Mr. BERTONI. Vet it fully before they kick it to the curb, yes.

Mr. YOUNG. Okay. And then, finally, perhaps you could just answer this very directly. It is my understanding when Social Security shifted toward an automated system there were a number of work years that were saved. Could you quantify those work years to maybe give us a sense of the potential with respect to DI and our ability to save years administratively?

Mr. BERTONI. That I can't, I would have to defer to the agency on that.

Mr. YOUNG. The agency. Is that something you could answer, Mr. Weaver?

Mr. WEAVER. The work year savings from SSI telephone wage reporting? Let us try to get you an answer for that. The issue is how much in work year savings we have because of the SSI telephone technology.

[The third submission of Mr. Weaver follows:]

We estimate the total work year (WY) savings from SSI's automated wage reporting to be approximately 30 WYs through fiscal years 2015 to 2017.

Mr. YOUNG. Thank you both.

Chairman JOHNSON. Mr. Doggett, you are recognized.

Mr. DOGGETT. Thank you very much.

Mr. Bertoni, I am a big fan of the GAO. I think that you all have been very helpful in our getting accountability from all parts of the bureaucracy. I have requested a number of reports and I have never gotten one before that is entitled "Preliminary Observations." I guess this is an unusual situation, not unprecedented, that you come forward and give us your observations before your work is complete.

Mr. BERTONI. Correct.

Mr. DOGGETT. Normally, when I have worked with GAO, there has been a preliminary report, the agency is given a month to respond and comment, and then it comes to us. When there is a reference here on page 2 to the fact that Social Security has not responded yet, when did they get this report?

Mr. BERTONI. They got the report 2 days probably before the Hill got the report.

Mr. DOGGETT. Two days before today?

Mr. BERTONI. Just to explain that, we had almost no time to do this hearing. It was very tight.

Mr. DOGGETT. I understand it was a rush. It is important for us to get your observations, but I understand you are identifying some of these problems, but you are not to a point of being able to recommend to us what we should do about them.

Mr. BERTONI. Correct. They are preliminary. These are findings that we have been able to fact check——

Mr. DOGGETT. They could change to some extent in the future.

Mr. BERTONI. Yes.

Mr. DOGGETT. And we look forward to hearing from you as you finalize it. And certainly with reference, Commissioner, to the Social Security Administration, I think our concern—my concern at least—is that we address the problems that GAO has found, but do it in a way that the cure is not worse than the problem we are trying to solve.

We, of course, unfortunately, don't have any disability recipients here today or any of the advocates for those groups, but it is pretty clear that people that have qualified and gone through the very difficult process of becoming Social Security disability recipients are people that have serious problems. And yet they go back and they try to work. And then if we impede those work incentive programs, we will have done great damage to them, as well as to the overall goal of trying to ensure that everyone who can work does work.

Mr. WEAVER. Sir, I do agree with that. The work incentives do provide protection for beneficiaries. They have serious health problems, and one in five are in poverty. So, again, I think the issue is, are there policies that are protective and possible improvements? But I take your point that the work incentives do serve in-

dividuals now and it benefits them, so you have to think carefully about what the alternative would be.

Mr. DOGGETT. And we could get ourselves in a situation if any changes are not done very carefully where somebody who is severely disabled who qualified to receive benefits and with the best of motives goes out and tries to work anyway could end up with nothing, where they can't work and they lose their Social Security disability benefits and they are left penniless. Isn't that a danger?

Mr. WEAVER. That could be a danger. And I think in my earlier remarks what I wanted to offer was that in addition to demonstrations which take longer, we are ready to help this Subcommittee look at options with data we have. Things do not turn around fast in demonstrations, but we do want to help provide information that will allow you to evaluate policy changes and make sure the most vulnerable members of our society are not harmed.

Mr. DOGGETT. And while I don't believe that there is any part of our government that could not be searching for greater efficiencies to be sure every tax dollar is well spent, isn't it true over the last 3 or 4 years Social Security has received on average $1 billion less a year than it needed to do its work and has lost almost 5,000 employees around the country to address the charge given to see that Social Security is available to those with disabilities and our seniors and our survivors?

Mr. WEAVER. Yes. I will note that, you are right, the figure of 5,000 losses is the most recent one. At one point we had losses of 11,000 employees. Better budgets have allowed us to fix that to some extent, but if we enter another period where we have to lose a lot of employees you lose institutional knowledge. It is hard to recover from those things.

Mr. DOGGETT. Well, I want to thank both of you for your testimony. I think it is really important we try to make the changes necessary to address the problems that have been identified, but do it in a way that if in doubt we protect the rights of some of our most severely disabled neighbors to continue to be able to have an incentive for work and to have the dignity of some protection and that overall we give meaning to the Social Security Act.

And I hope we can get a markup in here eventually of Mr. Becerra's bill on Social Security fraud so that we can address those issues by adequately funding the agency. We know that for every dollar we invest there, the taxpayers would gain significantly.

Thank you very much.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you.

Mr. Kelly, you are recognized.

Mr. KELLY. Thank you, Mr. Chairman.

And to both our witnesses, thank you for being here.

I just want to make sure that I understand, because you hit some figures early on, Dr. Weaver, about the amount of payments that we are talking about. Would you tell me again the number of recipients and the dollar amount?

Mr. WEAVER. So, I think one question earlier was what are the overpayments, and I think Mr. Bertoni mentioned that from some of the numbers they have, they are about $1.3 billion per year.

Mr. KELLY. There are $1.3 billion in overpayments. But the total amount that we pay, what are the total benefits that are paid out, do you know? Just ballpark it for me within about a billion or so.

Mr. WEAVER. I think about $700 billion——

Mr. KELLY. About $700 billion.

Mr. WEAVER [continuing]. If you are counting the old age and survivors benefits.

Mr. KELLY. No, I am counting it all, because it is a large, large number.

Mr. WEAVER. Right.

Mr. KELLY. The budget for your agency——

Mr. WEAVER. The budget is $700 billion or $800 billion.

Mr. KELLY. Your budget is $700 billion or $800 billion?

Mr. WEAVER. Right. Those are just ballpark.

Mr. KELLY. I don't want to be disrespectful, but there is a hell of a difference between $700 billion and $800 billion, especially when it is taxpayer funded.

Mr. WEAVER. Sure.

Mr. KELLY. So it is not chump change.

Tell me about the size of your agency, the number of people.

Mr. WEAVER. We have approximately 60,000 to 65,000 employees.

Mr. KELLY. Sixty-five thousand employees. And your approximate budget for the year to run it?

Mr. WEAVER. I think it is approximately $11 billion.

Mr. KELLY. So 65,000 people, $11 billion, okay. And all those funds that we are distributing, where do they come from?

Mr. WEAVER. They come from payroll taxes.

Mr. KELLY. Payroll taxes. So people who are working, right?

Mr. WEAVER. Correct.

Mr. KELLY. Okay. I know we are talking today about overpayments and everything else, but where I am from there are quite a few people on Social Security, and I get that, I get that. Honestly, we are working with GAO to try to streamline this to get to the point where we are being the most effective and efficient agency we can be and that we are truly serving the needs of those that are disabled and really need that help. I get that, I really get that.

I just don't know, when I hear the numbers that you are talking about, these are incredible numbers. So how many people receive totally—totally—how many people get some type of a benefit each month, how many Americans?

Mr. WEAVER. I think counting all of our Social Security programs and the SSI program it is approximately 64 million.

Mr. KELLY. Sixty-four?

Mr. WEAVER. Million.

Mr. KELLY. Million. And our total population is about 300 million. Boy, that is a heavy load. So I guess it comes down to, so you want to get more effective, you want to get more efficient. Believe me, I am not out to get you, I am out to make sure we are working as effectively and efficiently as we can. But when you talk about those numbers it is almost incomprehensible to me that this program is on a path that we can actually look at and think, "You

know what? I think things are going to be all right if we just streamline it a little bit."

Mr. WEAVER. So, I think, to your comment, and this came up earlier, that the work incentive rules apply to just the DI population or the SSI population. Most of our disability beneficiaries, because of their health, a large majority have absolutely no earnings, and that is true of the SSI program. So I agree this is a subset of the issue and it is not the global issues facing the programs.

Mr. KELLY. Yeah, it is huge.

Mr. Bertoni, GAO, I mean, you are always working to make it more effective and more efficient. How often are you able to get together to talk about how we could make it better? Are you able to share the data? Are you able to go back and forth?

Mr. BERTONI. Yes, in a typical engagement we are back and forth with SSA talking about the issues, the problems, their proposed solutions. This whole issue with the app and with the telephone wage reporting, we have had multiple meetings with them. I have eight-page documents where we have Q&A'd them and have really tried to get behind their logic, their thinking, as to why they don't want to move forward with this.

So, yes, we do. And periodically we need to talk about sort of high-risk issues, their efforts to modernize their programs. We meet a few times a year. And from an oversight standpoint, that is my job. And it is a big agency, there is a lot going on there, but I think they are productive meetings.

Mr. KELLY. Yes. I just think that the American people, and I mean this sincerely, have no idea of the size and scope of these problems. And as we move forward, the dollars it is going to take to continue on the path we are on, it is totally unsustainable in my way of thinking, but I am only coming from the private sector, so I have never had the ability to borrow money at whatever amount I needed.

I think Mr. Becerra is right, we need to work with you somehow, all of us getting together to make sure that we can have a program that is truly sustainable and we don't penalize people. I have people back home that when it comes to reporting it is so difficult for them. And they want to go back to work and they are not sure if they go back to work if it is worse for them by going back to work than staying on SSI disability. So we have to make sure we make it easier for them.

I really appreciate you being here.

Mr. BERTONI. If you have the mechanisms in place where they can report and know that they are not going to get a letter in the mail saying they owe $20,000.

Mr. KELLY. See, that is the problem.

Mr. BERTONI. That is key to someone's willingness to step out and go to work.

Mr. KELLY. Yes, I have a gal that has been in a wheelchair because a drunk driver hit her, she just got tagged with a $74,000 overpayment. There is no way in heck. She tutors people on the side to make a few extra dollars. They said: Well, you are making too much money, now you are going to have to pay back $74,000. What she gets now isn't enough to cover her living expense.

So, I mean, really, this is hard, and this is really hard for people who get hit with this, not the maybes out there and the anecdotal things that we know, but I am talking about real American people facing real problems. You get that bill from the government that says you owe us $74,000 because we overpaid you, that is one hell of a note to get in the mail and that scares the living daylights out of these folks.

Chairman JOHNSON. The gentleman's time has expired.

Mr. Renacci, you are recognized.

Mr. RENACCI. Thank you, Mr. Chairman. I want to thank the gentlemen for being here.

According to the Social Security Administration, 27 percent of overpayment dollars were the result of cases where the SSA received a notice of work activity but failed to take appropriate or timely action to adjust the payment.

Now, I will tell you that that percentage is down. So I know you are working to move that number down. But 27 percent is still a big number. I know it was as high as 53 percent. So, again, I commend you for the work you have done to bring the number down.

I am just trying to get an understanding of how that happens. So, Dr. Weaver, can you tell me how long does it take for Social Security to identify an overpayment when a beneficiary reports his or her earnings? And how big is that overpayment on average?

Mr. WEAVER. We will respond to you with the specific numbers.

[The fourth submission of Mr. Weaver follows:]

On average, it takes 45 days to process a work CDR that results from a direct report of work. We cannot determine how long it takes us to identify an overpayment when a beneficiary reports his or her earnings.

As mentioned earlier, we estimate that last year we collected approximately $256 million in work-related DI benefit overpayments. We cannot determine the average work-related overpayment amount.

I think your general point, what happens if sometimes a beneficiary doesn't report timely or if we don't act on it timely and it reaches the enforcement action stage, it is a much tougher case and the overpayments can be substantial in those situations.

Mr. RENACCI. So do you have any idea how long that time is?

Mr. WEAVER. Well, for example, when we do an enforcement action and we do a work continuing disability review I think the average processing time may be 250 days.

Mr. RENACCI. Wow. So, again, you would agree that the longer it gets down the road——

Mr. WEAVER. I agree. And let me mention one of the things where we think we have some success in moving the dollar amounts is we have employed statistical models that when we get alerts from the IRS posted to our earnings files, these statistical models predict which cases are likely to be large overpayments and will get out of hand if we don't act on them immediately.

Our Inspector General looked at sort of that business process and some of the things we have done in the last few years, and found

it did have a big effect on lowering the average overpayment in the sample they were looking at from about $18,000 to $8,000.

So one of the things that definitely matters is getting to the enforcement action closer to when the earnings actually happen. The longer the delays, you are going to get larger overpayments. It is very difficult to reconstruct the history of what happened. It's a lot of aggravation for our beneficiaries, and we often have to contact employers to get information to administer these rules.

Mr. RENACCI. Mr. Bertoni, how does this happen, in your eyes, and why can't Social Security move a little quicker?

Mr. BERTONI. I think the source of some of this is the wage data the agency uses. When they get the alert, when they get the information, that alert is based on IRS data that can be up to 2 years old. So that person could have been working 2 years ago, and they are just finding out about it.

Now, it goes into sort of the hopper to be worked, and we reported a couple years ago cases can sit there 12, 15 months before they are worked because of the backlog. Then they go through a process of being worked.

Two hundred and seven days is a goal; we had a range of up to 900 and something days. So that is a long, extended period where the clock is ticking, that person has been receiving benefits they shouldn't have been receiving, and ultimately that is a pretty large overpayment to recover.

Any time the wage data is important, usually on alternative databases like the National Directory of New Hires, the alternative means of reporting wages and wage information of work, the agency needs to move forward and explore them more fervently.

Mr. RENACCI. Yes, because you have just indicated it could take up to 2 years to get adequate or accurate information. So what are some of the things that can be done? What are some of the ways we can help you fix that?

I mean, everybody always talks about more money and personnel. Believe me, I came from the private sector, as Mr. Kelly did, you have to work with the budget you have. And in many cases, that means you have to do things more efficiently. So what are some of the things you can do?

Mr. BERTONI. Their enforcement operation is, like, 80 percent of all CDRs. That is consolidated across the, I believe, eight processing centers. They tend to use the older IRS wage data. If the information comes in from an individual, they can use other tools, they can use the wage reporting tools, they can use the National Directory of New Hire data, which is quarterly data.

We have recommended and, I believe, the agency has acknowledged the value of going to the NDNH, the National Directory of New Hires, that has quarterly data. I think if you go to more timely data sources, it stops the clock from running, and in a matter of time you are going to have smaller overpayments.

Mr. RENACCI. Thank you. I do think we need to be able to work together in a bipartisan fashion to make this work better, because 27 percent overpayment, again, the American people are looking at this and saying we have to make things work. And the dollars have got to be there for those that really need it. So I appreciate your

work in getting the number down, but we have to get it down much lower.

So, Mr. Chairman, I yield back.

Chairman JOHNSON. Thank you.

Mr. Brady, you are recognized.

Mr. BRADY. Mr. Chairman, thanks for having me back to the Subcommittee.

A couple thoughts. One, this is frustrating. And not this Administration, by the way, it has just been frustrating to not be able to reward people for getting back to work, and through the years as we have held hearings the frustration continues to grow.

We have some pretty good incentives in place, a 9-month trial work program with full benefits, a 3-year safety net on your income, up to nearly 8 years for the healthcare side of it, which is really important when you are disabled. It seems to me we have some pretty adequate benefits in place to help people transition today. We hear about the overpayments and the improper payments.

Mr. Bertoni, I was curious, one of the points you made was that I am self-reporting, which I am not sure is the way we ought to be going, by the way, in this whole system. I am not sure the honor system in a complicated process is the heart of it, which it is in this case. So why wouldn't someone get a receipt if someone is self-reporting? Why is that even a question?

Mr. BERTONI. It really depends on what mode you use. If you call into the telephone wage reporting system or you use the app, there is no human involvement there. You are going to get an automatic receipt. To me, that is a good thing.

Mr. BRADY. And what percentage use that?

Mr. BERTONI. I don't know, but it is a pretty significant number over the last couple of years.

Mr. BRADY. Can you get close?

Mr. BERTONI. I think they had 40,000 in September, multiplied by 12, something like that. So it is a good amount. I believe it is growing. So you have that mode.

Now, if I walk into an office or I fax or mail my work report into an office, the report is received, the receiving staff person has 5 days to get that entered into the system, it is a manual process, and then they mail your receipt. People are busy, and we have a manual process. There are other workloads. Things get put aside. That is where it can break down, where the receipt may at times not be mailed out to the person.

Mr. BRADY. So that is really sort of a lose-lose both for SSA in tracking these, but also it leaves some vulnerable.

Mr. BERTONI. They have a 5-day goal, but there is really no way to track it with any effectiveness. So it pretty much is a metric in holding people accountable. It is a paper tiger.

Mr. BRADY. Why are we self-reporting? It just seems to me someone trying to get back to work, whether they are self-employed or most likely working for someone, who is reporting, even more often than quarterly, why couldn't a beneficiary who is trying to get back to work voluntarily provide the approval to send monthly income reports or make them available to the Social Security Ad-

ministration? Couldn't we create a crosswalk for both the beneficiary, Treasury, and SSA in these areas?

Mr. WEAVER. I guess I will mention two things in this area. There are a couple of proposals in the President's budget. One is for quarterly reporting of earnings. SSA processes about 220 million W–2s, and those are annual figures. So one proposal is if we could get earnings reported quarterly, there are a lot of issues that might improve things on, but that would get us the information more quickly.

We do have another proposal in the President's budget. There are commercial databases of payroll providers that work with employers, they have the earnings. One of our proposals is to get the authority to have data agreements with those where we can get access to the commercial databases, so it is more real-time data that the employer has provided to this payroll service provider. So that is another possibility.

Mr. BRADY. What do you need to go forward? Both of those seem reasonable approaches, so why not move forward with those?

Mr. WEAVER. I think both of those would require new authority for us to enter into.

Mr. BRADY. Is that the only thing holding you back, authority from Congress to put those in place or try them?

Mr. WEAVER. I think that is correct.

Mr. BRADY. We are seeing vigorous head nodding behind you, so I assume the answer is not yes, but heck yes.

Mr. WEAVER. That is correct.

Mr. BRADY. So it seems to me that is an area where both our Member and Ranking Member would probably have a lot of interest in. We certainly would. We want to help people get back to work, clearly. Self-reporting just seems to me a big weakness in this process. It seems to me there could be a solution that helps people do exactly that.

Especially in the workplace, technology is allowing people to work who have never been able to work before. Not as many of our jobs are ditch-digging. They are knowledge-based. We have a more adaptive workplace than we have ever had, frankly, in America. So it seems like it is just a ripe environment to sort of make a huge change in helping people who want to get back to work get back to work.

Mr. BERTONI. And I agree about the third-party verification. I think the self-reporting aspect is just complementary to what they should be and are doing in other areas. The enforcement operation does a number of data cross-matches to try to find unreported wages. And even the persons that are reported through those self-reporting mechanisms would conceivably be swept up in that third-party data match.

So these are, I think, complementary, where individuals who want to report and want to report timely have a venue, and the organization also has third-party data sets that they can tap into to get the folks who want reporting on their own.

Mr. BRADY. What do you think that would do to lower the overpayments? What is the impact, do you think, in real life?

Mr. BERTONI. I don't know what the numeric value is, but I think having more avenues for self-reporting as well as third-party

verification in a timely way, it works. It works across the board in other programs. It works at SSA when they do it right. Again, it comes down to implementation and how frequently you are doing it.

Chairman JOHNSON. The gentleman's time has expired.

Mr. BRADY. Mr. Chairman, thank you very much for holding this hearing.

Chairman JOHNSON. You are welcome.

Mr. Reed, you are recognized.

Mr. REED. Thank you, Mr. Chairman, and thank you to the witnesses. I am very interested in the testimony today and working together on this important issue in regards to the disability trust fund and the emphasis on work and having assistance available for individuals who have the capacity and desire to return to work.

So let me challenge the Administration, the Social Security Administration, a little bit. What is your understanding of the stated purpose of the disability trust fund?

Mr. WEAVER. The stated purpose of the trust fund is so we can make scheduled payments that are outlined under law to individuals on our programs.

Mr. REED. See, that is part of the issue I have with SSA, because what I am hearing from folks in the community and back in the district, across the country, is a potential cultural issue with the SSA office when it comes to the disability trust fund. Because I noticed in your response you didn't say anything about work. I didn't see anything in the material talking about part of the disability trust fund being making sure the Administration is promoting and encouraging work.

And that, to me, is an issue, and I think we can do better on that front, because we have a whole body of law, in my opinion, the Americans With Disabilities Act, and we have come so far with the disability community. I was a mayor. I promoted the vital link, which is to link our entire community in my city to access to make accessible to people with disability Main Street, grocery stores or pharmacies. And one of the things I am seeing in the disability trust fund arena is a conflict with that half of—it is not half—but that purpose of the Federal law where the disability trust fund seems to say: We are just going to give you money, and that is it. And that is what I just heard from your response to my question.

So the question I have for you on top of that is, what is the standard operating procedure for the Social Security Administration to discuss with applicants the work incentive program? When do you do that?

Mr. WEAVER. We do a number of things. When they are awarded benefits we provide information on how we can support them while they are working.

Mr. REED. Is this the Red Book? This thing?

Mr. WEAVER. That is one of the publications we have.

Mr. REED. So do you sit down and go through this with the beneficiary?

Mr. WEAVER. No.

Mr. REED. No. And if I could, it says here, "We try to keep the Red Book clear and brief. We follow plain language guidelines," et

cetera. Right? That is the stated purpose of this book? I just randomly picked some pages as I was preparing for the hearing today.

I will go to one of my favorite here. "What is the EPE? The EPE begins the month after the trial work period, TWP, ends. If you are not working that month, the first 36 months of the EPE is the reentitlement period."

I have 11 older brothers and sisters, and I sit around the Thanksgiving table, and this is plain language according to the Social Security Administration? This is not the language we use around the Thanksgiving table.

Can you tell how that is developed, how this language is developed?

Mr. WEAVER. I think the language is complicated because the structure is complicated. We really do try to make our publications in plain language, and the Red Book is actually pretty well received in the VR community.

Mr. REED. How about for beneficiaries?

Mr. WEAVER. Well, I wanted to mention that our best way of supporting beneficiaries is through our employment support programs. So we tell beneficiaries that we will provide free services. They can get free services through a State VR or employment networks in our Ticket to Work program.

Mr. REED. So actually a State VR to beneficiaries? Do you think a beneficiary knows what a VR is?

Mr. WEAVER. No, I don't. But what we do is we provide information on the employment support programs, and there is a special call center we run, and we provide notices and other information to beneficiaries.

Mr. REED. So what I hear there, Dr. Weaver, in that response is, that is really not our job. That is someone else's job. That is the VR's job to do. What I am hearing from you in your testimony today is that the best resource that we have available to a beneficiary who wants to return to work is not from the Administration, but from some third-party outside group. Do you think that is the best practice we could do at the Federal Government level?

Mr. WEAVER. Respectfully, I do think it is part of a good practice. I think the VRs and the employment networks and the work incentive planning and assistant organizations can work really closely with these beneficiaries to explain the rules, make sure they report their earnings. And not only that, but help them get back to work. So individuals who are beneficiaries who are in VR or working with the employment network actually do have pretty good outcomes under our program. They can help explain the rules.

So it is not all on the third party, but I think those individuals are good partners and they serve our beneficiaries.

Mr. REED. And I appreciate the work the VRs do. Don't get me wrong here. I think they do yeoman's work in regards to this issue and I applaud them. But one of the concerns I have is the cultural effect that beneficiaries have walking into the Administration office.

And if the Administration's office goal, as you stated in your original response to the question, is to provide the benefit to individuals, how do we change that culture of the Social Security Administration to say, we are going to be a partner with you, not only

to get you the benefit, which we all agree we want to do, but we want to encourage you, if you have a willingness and a desire to get back to work, not only are we going to put you with the VR community, we, the Social Security Administration, are going to take the responsibility and be a true partner with you in regards to this issue.

Is that something you think the Social Security Administration can accomplish?

Mr. WEAVER. I think we can be a key part to that. And I failed to mention that within Social Security we do have individuals who are area work-incentive coordinators, and within the field we have work-incentive liaisons. But we do message that we value work, and if a beneficiary is interested in work, we want to both communicate that at our offices, but also to make them aware of partners who can help.

Mr. REED. I appreciate that. And maybe we can do a little better on the Red Book and that language as we go forward.

Truly, I meant my words in a constructive way, to work with you, because I think there is a lot of bipartisan agreement and people in the community that want to come together on this issue like myself. And I look forward to working with you. I am going to continue to challenge you. And that is not meant in a negative way. That is meant to be in a positive way.

With that, I yield back.

Chairman JOHNSON. Thank you, Mr. Reed.

Mr. Becerra, you are recognized for 5 minutes.

Mr. BECERRA. Mr. Brady brought up something I think goes to the heart of where we are going to really have to work with you, and that is, if we would let people voluntarily, what was it, the voluntary ID where you self——

Mr. BERTONI. Self-report.

Mr. BECERRA. Self-report, you self-report what you are doing. That definitely will streamline things.

But, Mr. Bertoni, wouldn't you agree that the more we allow people to self-report, which will help us do things faster, we also take the chance that there is going to be someone who is in that group that self-reports who wants to game the system, because now I am just self-reporting, you are not checking on me, now I might get away with it. So it is a balance, right?

Mr. BERTONI. Self-reporting in this regard would be the telephone reporting system. And the app is someone calling up and saying, "I am working," okay. That is a red flag that you need to take a look at my benefits. So they are actually, in a way, they are flagging work.

Now, might they, because it is self-reported, report some incorrect information about earnings in that? Yes. It is not verified, so you can have that issue. But I doubt the report of work is incorrect.

So, at least, we have a report of work that is worthy of a receipt. So down the road, should something happen, your SSA doesn't work in a timely manner, a $10,000 overpayment pops up, the person gets levied an overpayment, at least they have the receipt to prove that they did what they were supposed to do. That is one of the two elements they need to get a waiver.

So, again, this might not be the do-all, be-all, end-all, but it does serve some purpose.

Mr. BECERRA. Yes. One last question to you. So I think that, because of what you said, if it helps us get more accurate reporting and gets people to do the work, that is good, but if there is someone who tries to game the system, that is where, Mr. Chairman, I think we have to descend on that person, make that person an example.

So we want to encourage folks to want to self-report, but the moment you think you can game the system, we want the system to just descend on you in such ways that you are going to pay a big price, so someone says: Whoa, I was going to self-report, and I better do it right because I don't want to be the next guy who pays the price for thinking I can game the system.

Mr. BERTONI. If you are gaming the system, you are not reporting.

Mr. BECERRA. But they are reporting inaccurately?

Mr. BERTONI. Yes. I guess they can report wages inaccurately, yes, okay. But the enforcement operation through the various runs ultimately should catch up to you if they are doing it correctly and timely and we don't have a CDR backlog and all that stuff. So it is sort of a double-barrel effect. You can catch the folks who want to do the right thing, catch the folks who are gaming the system through the back end data matching. So I think, again, these are complementary. No one thing is going to solve this problem.

Mr. BECERRA. Thank you, both of you, for your testimony.

Thank you, Mr. Chairman, for the extra time.

Chairman JOHNSON. Thank you.

I want to thank the witnesses for your testimony. We are committed to finding ways to make the program work better and promote opportunity for individuals who want to return to work. Today's hearing looked at one of the problems, only one, but there is more that can be done. That is why Chairman Ryan and Chairman Hatch and I will be launching a website to gather ideas from all Americans on ways to improve and strengthen the disability program. And I encourage all of you to share your ideas with us.

With that, I think the hearing has been beneficial to all of us, and I thank you for being here and look forward to working with you and all my colleagues, including the Ranking Member.

Mr. BECERRA. Mr. Chairman, thank you.

Chairman JOHNSON. And thank you again for being here and trying to help our guys return to work.

With that, the Subcommittee stands adjourned. Thank you.

[Whereupon, at 3:31 p.m., the Subcommittee was adjourned.]

[Questions for the Record follow:]

GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

August 11, 2015

The Honorable Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Thank you for the opportunity to testify before the Subcommittee on June 16, 2015, during the hearing on work-related overpayments in the Social Security Administration's Disability Insurance program. The attached enclosure is GAO's response to the questions for the record you submitted. If you have any questions, please contact me at bertonid@gao.gov or (202) 512-7215.

Sincerely yours,

Daniel Bertoni

Daniel Bertoni
Director
Education, Workforce,
and Income Security Issue

Enclosure

Enclosure

1. **In your testimony you discussed how thousands of Disability Insurance (DI) beneficiaries each year are assessed overpayments for work activity.**
   a. **What can DI beneficiaries who are working do to avoid being assessed a major overpayment?**

While our work did not directly address what working DI beneficiaries can do to avoid overpayments, Social Security Administration (SSA) staff and disability advocates we interviewed advised beneficiaries to regularly report their work and earnings. However, as we noted in our statement, SSA does not provide clear guidance to beneficiaries on how often they should report. For example, the "Working While Disabled" publication SSA provides to beneficiaries does not give specific guidance regarding the frequency of reporting and employees we interviewed gave beneficiaries differing advice. SSA also provides infrequent reminders of the need to report work—when the disability claim is initially approved and in the annual letter informing beneficiaries of their cost of living increase.

As we noted in our testimony, overpayments may result from SSA's failure to take timely action in response to work reports, so it is not clear that timely or frequent reporting by beneficiaries would mitigate these situations. Data showing the incidence of SSA failing to take timely action on work reports are limited and unreliable.[1] However, during fiscal year 2005 through 2014, SSA waived $1.4 billion in overpayments due to work earnings that exceeded program limits, suggesting that agency delays or errors may have caused these overpayments.[2]

Beyond the need to report work, advocates we interviewed stressed the need for beneficiaries to obtain receipts when reporting work. While this may not necessarily help avoid overpayments, obtaining a receipt may help a beneficiary establish that he or she is not at fault should one occur—which would help support a beneficiary's request to waive the overpayment debt.

   b. **Should they simply assume they should not be receiving benefits and save the money in an account until Social Security assesses an overpayment?**

While our study did not explore the options available to beneficiaries, SSA and disability advocates have stated that beneficiaries should avoid spending DI benefits that they believe were received in error. One SSA publication advises beneficiaries to mail back any checks and to contact the agency to return funds received through direct deposit. However, it may be difficult for beneficiaries to confirm if payments received were sent by SSA in error. For example, one advocate told us about clients who contacted SSA about erroneous payments, but continued receiving them, and then assumed they were entitled to the benefits. In addition, if a beneficiary requests a reconsideration of or appeals an overpayment decision, SSA is required to continue making benefit payments, if requested by the beneficiary. If the

[1] We testified that SSA, in its stewardship reports, attributed some improper payments to not taking appropriate or timely action to adjust payments when it was notified of beneficiaries' work activity. However, our ongoing review of these reports found SSA's estimates of improper payments due to these errors were based on a very small sample size and therefore unreliable.

[2] SSA may grant a waiver request if1) the agency finds the beneficiary was not at fault; and 2) recovery or adjustment would either defeat the purpose of the program or be against equity and good conscience, as defined by SSA.

overpayment decision is upheld, the beneficiary would have to repay benefits received during this period.

2. **The Social Security Protection Act of 2004 (P.L. 108-203) requires Social Security to provide receipts to beneficiaries as proof that they reported their work or earnings. Yet in your testimony, you discussed how Social Security does not always meet this important requirement.**

    a. **If someone does not receive a receipt immediately, how can Social Security be sure everyone who reports earnings receives a receipt?**

SSA currently cannot be certain that all DI beneficiaries who report earnings receive a receipt. As discussed in our written testimony statement, there are several ways in which beneficiaries could report earnings but fail to receive a receipt, including:

- Work reports handled outside of SSA's eWork system do not automatically generate a receipt, and
- Claims representatives may skip the work reporting step altogether and initiate a work continuing disability review, which also does not generate a receipt.

SSA lacks systematic data and cannot effectively monitor the extent to which receipts are provided to beneficiaries. In contrast to DI, the Supplemental Security Income (SSI) program has expanded work reporting options that automatically provide receipts to recipients. However, these options are not available to DI recipients.

    b. **What are the implications for both beneficiaries and taxpayers if receipts are not issued in a timely manner?**

The failure to issue receipts in a timely manner has implications for both beneficiaries and taxpayers because the receipt serves as evidence that the information was appropriately reported and entered into SSA's system. Issuing a receipt helps ensure that the information was correctly recorded and that benefits should be stopped when individuals are no longer eligible. When work activity is not correctly recorded, overpayments can occur. This directly affects beneficiaries, who are generally obligated to repay overpayments. This also affects taxpayers when overpayments are either waived or not recovered, and thereby not restored to the DI Trust Fund.

Failure to issue receipts in a timely manner has further implications for beneficiaries because individuals who are not issued a receipt may have a more difficult time proving that they followed program reporting rules and are not at fault for overpayments. Beneficiaries must establish that they are not at fault in order for SSA to waive overpayment debt. Without a receipt, beneficiaries are reliant on SSA having complete records of their work reports. However, as we already reported, SSA may fail to take appropriate action on work reports. In the absence of any evidence that they reported work in a timely manner, beneficiaries are responsible for repaying overpayments.

Additionally, problems with issuing receipts and overpayments may create disincentives for beneficiaries to return to work. Our statement noted that during fiscal years 2005 through 2014, the average overpayment due to work earnings that exceeded program limits was almost $12,000. Researchers have found that the risk of such a debt and the associated financial and

emotional stress is likely to discourage DI beneficiaries, who may have limited income and assets, from attempting to work. Ultimately, when beneficiaries stay on the DI program rolls and do not return to work, this affects taxpayers by weakening the long-term solvency of the DI Trust Fund.

Questions for the Record
from the June 16, 2015 Hearing
on Return-to-Work Barriers

1. **When the Social Security Administration (SSA) sends beneficiaries information about their benefits, it is important that ordinary Americans can understand what the agency is trying to tell them. Please provide the Subcommittee with an example of each of the different letters the SSA sends to beneficiaries concerning overpayments or work activity.**

   Please see the sample notices that I have attached at the end of my answers. Examples include Work Activity Reports for employees and for self-employed workers, notices regarding overpayments, due process notices, and a receipt issued when a beneficiary reports earnings.

   We would be happy to meet with you or your staff to further discuss agency notices or answer questions.

2. **After navigating the Disability Insurance (DI) program's complicated series of work incentives, a beneficiary with earnings above Substantial Gainful Activity (SGA) will eventually have his or her benefits ceased. For those who have earnings above SGA and have completed their Trial Work Period, what percentage have their benefits adjusted timely and correctly, and therefore never receive an overpayment?**

   We do not track the number of benefit adjustments that we make timely, because if the overpayment is avoided, there is nothing to track. Therefore, this information is unavailable.

3. **The DI Program counts earnings when earned, while the Supplemental Security Income (SSI) program counts them when received. How does the administrative complexity differ between counting earnings in the SSI program versus the DI program?**

   Sections 216(i)(1) and 223(d)(1) of the Social Security Act define "disability," in part, as "inability to engage in any substantial gainful activity." Section 223(d)(4)(A) of the Act requires the Commissioner of Social Security to prescribe by regulations "the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity." Based on the definition of SGA we must evaluate both the earnings and services when an individual applies for or receives DI benefits.

   These requirements make administering the DI program more complex. We cannot assume the beneficiary is working solely based on earnings. For example, if a beneficiary is not working and is receiving sick or vacation pay, we do not consider these payments when determining SGA. On the other hand, if the beneficiary is not receiving pay, we cannot assume the beneficiary is not working. For example, a beneficiary who is a waitress in her family restaurant may perform the same duties as other servers in the restaurant, but because her family owns the business, the family does not record earnings for the server. In these

situations, we must evaluate the services the beneficiary performs and compare them to other workers doing similar duties in the area. Even though the family may not pay the beneficiary, we may still determine the services are above SGA.

Consequently, automatically using IRS earnings data or other earnings databases to make SGA determinations is difficult, and this may be the case even if the data also defines pay period start and stop dates. Another drawback to earnings databases is that the earnings are not defined in terms of whether the earnings are for sick or vacation pay, or short or long-term disability payments.

Beneficiaries who are concurrently entitled to DI and SSI disability benefits are required to report monthly earnings for SSI purposes. Although the earnings are verified and stored on the SSI database, we cannot use those earnings to determine SGA because they are recorded when paid instead of when earned. Instead, we use the verified wage reports recorded in the SSI database as an alert for DI representatives to do a work continuing disability review to evaluate the earnings for SGA purposes.

By contrast, when we apply the income limitations under the SSI program, we focus on when an individual received, as opposed to earned, wages from work activity. This is because the SSI program is a needs-based program, and the income that is available to an individual is a factor in determining eligibility for and the amount of SSI benefits. Consequently, we do not encounter the administrative complexities outlined above.

4. **Are overpayments related to the SGA determination process the largest source of DI overpayments, in terms of both dollar amounts and the number of overpayments?**

Our annual Title II Stewardship reviews, which are based on a statistically valid sample of cases, provide information on the causes of improper DI payments.[1]

Based on our Stewardship findings, we estimate incorrect substantial gainful activity (SGA) determinations are the largest source of DI improper payments in terms of dollars. For the five-year period of Fiscal Years 2010 to 2014, SGA improper payments averaged around $748 million in overpayments annually to a little less than 500,000 beneficiaries.

In terms of number of improper payments, SGA improper payments are the second most frequent type of improper payment. The most frequent type of improper payment in the DI program, according to our Stewardship data, is incorrectly recorded wages; this occurs in around 875,000 beneficiary records annually.

5. **Social Security has an internal goal of screening all work reports within 30 days of receipt. How many work reports are screened in the 30-day window and what does the**

[1] There is a difference between an overpayment and an improper payment. Some overpayments are unavoidable and not improper. For example, we must continue payments for the duration of an appeal of a medical continuing disability review (CDR) determination to cease disability benefits. These payments are later deemed overpayments if we uphold the CDR cessation on appeal. See sections 223(g) and 1631(a)(7) of the Social Security Act.

screening process entail? What quality assurance measures does the agency have in place to make sure that screening is meaningful?

We routinely process 99 percent of work reports within 30 days. The screening process is as follows:

- If a work report indicates potentially substantial earnings, we consider it a work issue, and we establish a work review to develop and adjudicate the case. If the beneficiary has not completed the trial work period (TWP), the work review may result in determining that he or she has worked a TWP service month. If the beneficiary has completed the TWP, the work review may result in determining that he or she engaged in SGA;

- If the work report does not indicate potentially substantial earnings, it is not considered a work issue, and we process the work report.

Our Office of Quality Review annually reports the quality findings of the Title II Work CDR review. This report reviews our accuracy of disability payments, as well as our compliance with internal procedures.

6. **As you mentioned in your testimony, beneficiaries must regularly report their earnings to Social Security. In Fiscal Year 2014, how many individuals reported earnings? Has this number grown or fallen over the last decade? Please provide your answer for DI and SSI separately.**

We are providing the number of work reports captured for Fiscal Years 2005 through 2014. Our systems do not provide a breakdown of the number of work reports by DI and SSI.

Fiscal Year	Number of Work Reports
2005	190,719
2006	202,576
2007	222,605
2008	211,873
2009	151,833
2010	145,528
2011	169,155
2012	184,033
2013	196,825
2014	220,839

7. **Please provide the average number of days it takes to completely process a DI beneficiary's work report and adjust benefits as necessary for the last ten Fiscal Years.**

   Although we do collect information on the number of cases processed within specific time frames (see question 5 regarding the "30 day window"), we do not collect data based on average number of days in processing. Therefore, this information is unavailable.

8. **In 2008, the SSA proposed simplifying the offset applied to Disability Insurance (DI) benefits when a beneficiary also received workers' compensation, as doing so would "reduce administrative costs associated with the labor intensive offset calculation and improve payment accuracy in the Disability Insurance program." Does the SSA still support this proposal? Please provide an updated score of the proposal.**

   We support a workers' compensation-related legislative proposal that is in the President's Budget request for FY 2016. Under current law, we must reduce an individual's Disability Insurance (DI) benefit if he or she receives workers' compensation (WC) or public disability benefits (PDB). We must rely upon beneficiaries to report when they receive these benefits. The proposal in the President's Budget would require States, local governments, and private insurers that administer Workers Compensation and Public Disability Benefits to provide information regarding receipt of these benefits to us. This proposal would improve program integrity and administrative efficiency.

   Because the 2008 proposal is not in the President's Budget, we do not have a current score for it.

Enclosure 1

SAMPLE NOTICE 0589 (ROAR REMITTANCE RECEIPT)

Social Security Administration
Retirement, Survivors and Disability Insurance
Important Information

Program Center Name
Street Address
City, State ZIP
Date: Month DD, YYYY
Claim Number: 123-45-6789 A

JANE G. BENEFICIARY
101 MAIN STREET
MY CITY, ST 00000
Barcode

We recently received [*your returned check(s) of/your refund of/a refund from the Department of Justice of/nulls*] [*$$$$$.cc*], [*of a federal payment your were due/nulls*] and used it toward the overpayment of Social Security benefits paid to [*you/you on behalf of FNM, MNM, LNM, SFX*]. Based on this, your current [*overpayment balance/misused funds/conserved funds*] is *[$$$$$.cc*].

If You Have Any Questions

We invite you to visit our website at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have any specific questions, you may call us toll-free at 1-800-772-1213, or call your local Social Security office at [*FO phone*]. We can answer most questions over the phone. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778. You can also write or visit any Social Security office. The office that serves your area is located at:

FIELD OFFICE NAME
STREET ADDRESS
CITY STATE ZIP

If you do call or visit an office, please have this letter with you. It will help us answer your questions. Also, if you plan to visit an office, you may call ahead to make an appointment. This will help us serve you more quickly when you arrive at the office.

Social Security Administration

Enclosure(s):
Payment Stub
Refund Envelope

C

Enclosure 2

SAMPLE NOTICE 2513 (ROAR REMITTANCE REMINDER)

Social Security Administration
Retirement, Survivors and Disability Insurance
Important Information

Program Center Name
Street Address
City, State ZIP
Date: Month DD, YYYY
Claim Number: 123-45-6789 A

JANE G. BENEFICIARY
101 MAIN STREET
MY CITY, ST 00000
Barcode

We are writing to you about the overpayment of Social Security benefits paid to [*you/you on behalf of FNM MNM LNM SFX*]. We have not received a refund.

Please pay the [*$$$$$.cc*] due now. If you cannot afford to pay the entire amount now, please contact us to arrange repayment.

If you have recently mailed your payment, please disregard this letter.

If You Have Any Questions

We invite you to visit our website at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have any specific questions, you may call us toll-free at 1-800-772-1213, or call your local Social Security office at [*FO phone*]. We can answer most questions over the phone. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778. You can also write or visit any Social Security office. The office that serves your area is located at:

FIELD OFFICE NAME
STREET ADDRESS
CITY STATE ZIP

Enclosure(s):
Payment Stub
Refund Envelope

R

See Next page

Enclosure 2

123-45-6789 A

If you do call or visit an office, please have this letter with you. It will help us answer your questions. Also, if you plan to visit an office, you may call ahead to make an appointment. This will help us serve you more quickly when you arrive at the office.

Social Security Administration

Enclosure 3

SAMPLE NOTICE 3926 (ROAR CROSS PROGRAM ADJUSTMENT)

Social Security Administration
Retirement, Survivors and Disability Insurance
Important Information

Program Center Name
Street Address
City, State ZIP
Date: Month DD, YYYY
Claim Number: 123-45-6789 A

JANE G. BENEFICIARY
101 MAIN STREET
MY CITY, ST 00000
Barcode

When you received Supplemental Security Income (SSI) payments in the past, you received more than you should have. Our records show that you still owe us [*$$$$$*.cc]. Congress passed a law that permits us to collect SSI overpayments by withholding from your Social Security benefits. We plan to do that by withholding [*$$$$$*.cc] from your Social Security benefits each month until we collect the [*$$$$$*.cc] that you owe.

What We Will Pay And When

After we withhold from your Social Security benefits, you will receive [*$$$$$.cc*] for [*Month YYYY*]. You will receive this amount on or about the third of [*Month YYYY*].

If you pay Medicare premiums or health plan premiums, we deducted them from your benefits to get the amount you will receive on or about the third of [*Month YYYY*].

After that, you will receive [*$$$$$.cc*] on or about the third of each month.

You will resume receiving your full regular monthly payment with the payment you receive in [*Month YYYY*].

We will continue to withhold from your benefit each month to pay your obligation for child support and/or alimony.

We will continue to withhold from your benefit each month to pay your obligation to IRS.

Enclosure(s)
Payment Stub
Refund Envelope

C

See Next Page

Enclosure 3

123-45-6789 A Page X of X

Information About Your Health Plan Premiums

We will no longer deduct money for your health plan premium(s) from your monthly benefits.

If you have any questions about your health plan premiums, please contact your health plan(s).

What You Can Do

We will withhold [*$$$$$.cc*] from your Social Security benefits unless, within 30 days of the date of this letter, you:

- Pay us back the full amount you owe,
- Ask us to review our finding that you still owe us the amount stated above,
- Ask us to withhold a different amount, or
- Ask for a waiver.

How To Pay Us Back

To refund the overpayment, use the enclosed "Payment Stub" and envelope. The "Payment Stub" explains the ways you can make payment.

Do You Think That You Do Not Owe This Money?

You may ask us to review our finding that you still owe the money. You may have evidence to show that you already paid some or all of the money or that we previously waived collection of it. If so, give us this evidence when you ask for review. We will review the evidence you give us and the information we have. We will send you a letter with our decision. If we find that you do not owe us this amount, then we will correct our records.

If you want a review, you must tell us within 60 days from the date of this letter. If you do so within the first 30 days, we will not begin to withhold money until we examine your case and send you a letter with our decision.

Do you Want Us To Withhold A Different Amount?

You may ask us to withhold a different amount than the one stated in the first paragraph. If you ask us within 30 days from the date of this letter, we will not begin to withhold money from your Social Security benefits until we decide the amount we will withhold. We will send you a letter about our decision.

If You Think You Should Not Have To Pay Us Back

You may not have to pay us back. Sometimes we can waive the collection of an overpayment, which means you won't have to pay us back. For us to waive the collection of the overpayment, two things have to be true.

- It wasn't your fault that you got too much SSI money.

AND

- Paying us back would mean you can't pay your bills for food, clothing, housing, medical care, or other necessary expenses, or it would be unfair for some other reason.

If you think these are true about you, contact any Social Security office. You can ask for waiver at any time by completing the waiver form and returning it to us. The form is called Request for Waiver of Recovery or Change in Repayment Rate, Form SSA-632. We will be happy to help you fill out the form. If you ask for waiver in the next 30 days, we will not withhold your payments until we decide if we can waive collection. If you ask for waiver after that time, we will stop collecting the overpayment while we decide if we can waive collection.

As requested, we are deducting money from your benefits for voluntary federal tax withholding.

If You Have Any Questions

We invite you to visit our website at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have any specific questions, you may call us toll-free at 1-800-772-1213, or call your local Social Security office at [*FO phone*]. We can answer most questions over the phone. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778. You can also write or visit any Social Security office. The office that serves your area is located at:

FIELD OFFICE NAME
STREET ADDRESS
CITY STATE ZIP

If you do call or visit an office, please have this letter with you. It will help us answer your questions. Also, if you plan to visit an office, you may call ahead to make an appointment. This will help us serve you more quickly when you arrive at the office.

Social Security Administration

Enclosure 4

SAMPLE NOTICE 3926 (WAIVER CURRENT PAY)

Social Security Administration
Retirement, Survivors and Disability Insurance
Important Information

Program Center Name
Street Address
City, State ZIP
Date: Month DD, YYYY
Claim Number: 123-45-6789 A

JANE G. BENEFICIARY
101 MAIN STREET
MY CITY, ST 00000
Barcode

As we told you in a prior letter, we reviewed your case and found that you [*do not* [*owe us any money/do not have to pay us back all the money*]. Based on this, you will receive benefits as follows:

Month(s)	Amount you will receive	Amount withheld	Balance you owe
mm/yy	$$$,$$$.cc	$$$,$$$.cc	$$$,$$$.cc

If you pay Medicare premiums or health plan premiums, they have been deducted from the amount shown under the heading "Amount you will receive."

What We Will Pay And When

You will receive [*$$$,$$$.cc*] for [*Month YYYY*] in [*Month YYYY*].

After that you will receive your full regular monthly payment.

Because benefits are not currently payable, we cannot continue to honor your request for voluntary federal tax withholding.

C

See Next page

Enclosure 4

123-45-6789 A

If You Have Any Questions

We invite you to visit our website at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have any specific questions, you may call us toll-free at 1-800-772-1213, or call your local Social Security office at [*FO phone*]. We can answer most questions over the phone. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778. You can also write or visit any Social Security office. The office that serves your area is located at:

FIELD OFFICE NAME
STREET ADDRESS
CITY STATE ZIP

If you do call or visit an office, please have this letter with you. It will help us answer your questions. Also, if you plan to visit an office, you may call ahead to make an appointment. This will help us serve you more quickly when you arrive at the office.

Social Security Administration

Enclosure 5

SAMPLE NOTICE 065 (RECOOP BASIC BILL)

Social Security Administration
Billing Statement
Important Information

Program Center Name
Street Address
City, State Zip

JANE G. BENEFICIARY
101 MAIN STREET
MY CITY, ST 00000
Barcode

STATEMENT DATE:	MM/DD/YY	
ACCOUNT NUMBER:	12345678901	
AMOUNT DUE:	$,$$$,$$$.cc	
NEW BALANCE:		$,$$$,$$$.cc
PAYMENT OF NEW BALANCE OR AMOUNT DUE MUST REACH US BY:		MM/DD/YY

This statement concerns an overpayment of Supplemental Security Income paid to JANE G. BENEFICIARY.

Please pay the amount due by the date shown above. If you cannot make payment by this date, you should call to let us know when you can make the payment.

If you have any questions, you may call us at [Program Service Center Phone]. The office hours are [office hours]. Please have this statement available when you call.

If you call us using a TDD machine, please pause after you type a few words. This will give us time to transfer your call to the TDD line.

Enclosure(s):
Refund Envelope

Enclosure 6

SAMPLE NOTICE 073 (RECOOP CALL-IN NOTICE)

Social Security Administration
Call-In Notice
Important Information

Program Center Name
Street Address
City, State ZIP
Claim Number: 123456789
Date: Month DD, YYYY

JANE G. BENEFICIARY
101 MAIN STREET
MY CITY, ST 00000

We need to talk to you about an important Social Security matter. Will you please call us at [Program Center Phone]. The office hours are [office hours].

If you call us using a TDD machine, please pause after you type a few words. This will give us time to transfer your call to the TDD line.

Social Security Administration

Enclosure 7

Social Security Administration (KIT 1)

Supplemental Security Income

Important Information

Program Service Center
Street Address
City, State Zip
Date: MM/DD/YYYY
Claim Number: 123-45-6789 HA

CLAIMANT NAME
STREET ADDRESS
CITY, STATE ZIP

When you received Supplemental Security Income (SSI) in the past on the above claim number, you were overpaid [*$$$$$$.cc*]. We have tried several times to collect this amount, but it has not been repaid. In a letter we sent to you (or your representative) earlier, we explained how this overpayment happened. We also told you about your right to question the decision about your overpayment and to ask that we not recover the overpayment.

Your Tax Refunds May Be Affected

Congress passed a law that permits the Department of Treasury to withhold SSI overpayments from Federal income tax refunds. In addition, if the Federal government has an agreement with your State, Treasury may request that your State withhold money from any State tax refunds you may be due. This means that Treasury can withhold money from any tax refunds you may be due in the future under your Social Security Number, 123-45-6789.

What You Can Do

Your SSI overpayment can be withheld from your tax refund unless, within 60 days of the date of this letter, you:

- pay us back the full amount you owe, or
- agree to a definite plan for repaying this amount and repay it according to the plan, or
- give us evidence to show that you do not owe this amount or that we do not have the right to collect it, or
- ask us to waive collection of the overpayment.

See Other Side

Enclosure 7

If You Are Filing A Joint Tax Return

If you are married and filing a joint income tax return, your spouse may be entitled to receive a portion of the joint refund. You should contact the Internal Revenue Service before you file your joint return to find out how to protect your spouse's share.

How To Pay Us Back

You should refund this overpayment within 60 days of the date of this letter. Use the enclosed "Payment Stub" and window envelope. The "Payment Stub" explains the ways you can make payment.

If you cannot refund the full amount now, you should:

- contact any Social Security office to arrange a definite plan for repayment, and
- make regular payments according to the plan.

Do You Have Evidence That You Do Not Owe This Money?

You may have evidence to show that you do not owe this amount, or that we do not have the right to collect it. If so, you must give us that evidence within 60 days of the date of this letter. We will review the evidence you give us and send you a letter with our decision before any overpayment is withheld from your tax refund. If we find that you do not owe us this amount or that we do not have the right to collect it from you, Treasury will not withhold it from your tax refunds.

You May Not Have To Pay Us Back

Sometimes we can waive the collection of an overpayment, which means you will not have to pay us back and we will not take any of the collection actions stated in this letter. For us to waive collection of your overpayment, two things must be true:

- it was not your fault that you got too much SSI money
  AND
- paying us back would mean you cannot pay your bills for food, clothing, housing or medical care, or it would be unfair for some other reason.

Enclosure 7

If you think these are true about you, contact any Social Security office. You can ask for a waiver any time by filling out the waiver form. We can help you fill out the form. The waiver form number is SSA-632. If you ask for waiver within 60 days of the date of this letter, we will not take any further collection actions while we decide if we can waive collection.

If We Cannot Approve Your Request For Waiver

If we determine that we are unable to approve your request for waiver, we will contact you to schedule a personal conference. A person who has not made any prior decision about your waiver request will meet with you. You can explain why you think your waiver request should be approved. You may bring a lawyer, friend or someone else to help you. Also, you can ask questions about the waiver decision.

After your personal conference has been held, or you have decided that you do not want us to conduct the conference, we will make a decision and send you a letter telling you whether you still must repay the overpayment. The letter will explain your right to appeal.

Your Right To Inspect Our Records

You have a right to inspect and copy our records related to your overpayment. If you notify us that you would like to do so, we will tell you where and when this can be done.

If You Have Any Questions

We invite you to visit our website at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have any questions about your overpayment or this notice, you may call us at [the Debt Management Section telephone number if debt is under control of RECOOP system or the national 800 number if not under RECOOP control] or call your local Social Security office at [fill-in]. We can answer most questions over the phone. You may also write or visit any Social Security office. The office that serves your area is located at:

LOCAL OFFICE ADDRESS
CITY, STATE ZIP

Enclosure 7

123-45-6789 Page X of X

If you do call or visit an office, please have this letter with you. It will help us answer your questions. Also, if you plan to visit an office, you may call ahead to make an appointment. This will help us serve you more quickly.

Social Security Administration

Enclosures:
Refund Envelope
Payment Stub

Enclosure 8

Social Security Administration (KIT L)

Retirement, Survivors and Disability Insurance

Important Information

PROGRAM SERVICE CENTER
STREET ADDRESS
CITY, STATE ZIP
Date: MM/DD/YYYY
Claim Number: 123-45-6789 HA

CLAIMANT NAME
STREET ADDRESS
CITY, STATE ZIP

When you received Social Security benefits in the past as a representative payee on the above claim number, you were overpaid. In a letter we sent to you earlier, we explained how this overpayment happened. We also told you about your right to question the decision about your overpayment and to ask that we not recover the overpayment. The amount you owe is [*$$$$$$$.cc*]. We have tried several times to collect this amount, but it has not been repaid. This is to inform you about an action we may take to collect the amount you owe.

Your Federal Salary May Be Affected

The law allows us to collect the overpayment from your federal salary by using a process we call Federal Salary Offset. We will do this by telling the Department of the Treasury to notify your salary paying agency to offset or reduce your disposable pay each payday until the debt is collected. Your disposable pay is the amount left after deduction for health insurance premiums and deductions required by law, such as taxes. The offset will be as much as 15 percent of your disposable pay every payday. We explain in this letter what you can do if you do not want us to collect the overpayment from your pay or you want us to collect it in smaller amounts each payday.

See Other Side

Enclosure 8

123-45-6789 Page X of X

How To Stop Us From Taking This Action

We will begin Federal Salary Offset unless, within 30 days from the date of this letter, you:

- pay us back the full amount you owe, or
- agree to a definite plan for repaying this amount and repay it according to the plan, or
- ask us to review our finding that you owe the amount stated in the beginning of this letter or that we have the right to collect it, or
- ask us to review our plan to collect up to 15 percent of your disposable pay, or
- ask us to waive collection of the overpayment.

How To Pay Us Back

You should refund this overpayment within 30 days of the date of this letter. Use the enclosed "Payment Stub" and window envelope. The "Payment Stub" explains the ways you can make payment.

If you cannot refund the full amount now, you should:

- contact any Social Security office to arrange a definite plan for repayment, and
- make regular payments according to the plan.

Do You Want Us To Review Our Finding?

You may ask us to review our finding that you still owe the amount stated in the beginning of this letter. You may have evidence to show that you do not owe this amount or that we do not have the right to collect it. If so, give us that evidence within 30 days of the date of this letter. We will review the evidence you give us and the information we have, and we will send you our decision. An administrative law judge will conduct the review and make the decision. If you request review within 30 days of this letter, we will not begin Federal Salary Offset before we send you our decision. If we find that you owe a different amount, we will correct our records. If we find that you owe us nothing or that we do not have the right to collect any amount from you, we will not use Federal Salary Offset to collect the debt from your pay and we will stop any other collection action that we started.

Enclosure 8

You May Ask Us To Collect Less From Your Pay

You may ask us to review our plan to collect up to 15 percent of your disposable pay. An administrative law judge will conduct the review and make the decision. We will lower the amount we would collect every payday if you show us that our plan would cause you hardship. We will find hardship if our plan would keep you from meeting the ordinary living expenses for you and your family, such as food, clothing, housing, medicine and medical care. You may request this review at any time. If you request this review within 30 days from the date of this letter, we will not use Federal Salary Offset to collect the debt from your pay until we send you our decision.

You May Not Have To Pay Us Back

Sometimes we can waive the collection of an overpayment. If we waive the collection of the overpayment, you will not have to pay us back and we will not take any of the collection actions stated in this letter. For us to waive collection of your overpayment, two things must be true:

- it was not your fault that you got too much Social Security money

  AND

- paying us back would mean you cannot pay your bills for food, clothing, housing or medical care, or it would be unfair for some other reason.

If you think these are true about you, contact any Social Security office. You can ask for a waiver any time by filling out the waiver form. We can help you fill out the form. The waiver form number is SSA-632. If you ask for waiver within 30 days of this letter, we will not take any further action while we decide if we can waive collection.

If We Cannot Approve Your Request For Waiver

If we determine that we are unable to approve your request for waiver, we will contact you to schedule a personal conference. A person who has not made any prior decision about your waiver request will meet with you. You can explain why you think your waiver request should be approved. You may bring a lawyer, friend or someone else to help you. Also, you can ask questions about the waiver decision.

After your personal conference has been held, or you have decided that you do not want us to conduct the conference, we will make a decision and send you a letter telling you whether you still must repay the overpayment. This letter will explain your right to appeal.

Enclosure 8

123-45-6789 Page X of X

Your Right To Inspect Our Records

You have a right to inspect and copy our records related to your overpayment. If you notify us that you would like to do so, we will tell you where and when this can be done.

You May be Subject to Disciplinary Actions and Penalties

If you knowingly furnish any false or frivolous statements, representations or evidence in response to this letter, you may be subject to:

- civil or criminal penalties under applicable statutes; and
- appropriate disciplinary procedures under statutes or regulations that apply to federal employees.

If You Have Any Questions

We invite you to visit our website at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have any questions about your overpayment or this notice, you may call us at [the Debt Management Section telephone number if debt is under control of RECOOP system or the national 800 number if not under RECOOP control] or call your local Social Security office at [fill-in]. We can answer most questions over the phone. You may also write or visit any Social Security office. The office that serves your area is located at:

LOCAL OFFICE ADDRESS
CITY, STATE ZIP

If you do call or visit an office, please have this letter with you. It will help us answer your questions. Also, if you plan to visit an office, you may call ahead to make an appointment. This will help us serve you more quickly.

Social Security Administration

Enclosures:
Refund Envelope
Payment Stub

Social Security Administration
Retirement, Survivors, and Disability Insurance
Important Information

FO Address:

Date:

Claim Number:

We are writing to you because we need to know more about your work. Please tell us about your work since . We will use this information to decide if you can receive or continue to receive disability benefits.

What You Need To Do

Please complete and return the completed form **within 15 days** to the address shown above. It is important to fill out the form carefully and completely. Remember to sign and date the form. If you do not return this form, we may contact your employer or make our determination based on the evidence we have in our records.

Some Information To Help You Complete This Form

Our records show these employers and yearly earnings for you. This list may not be complete. It may not show your work for this year or last year. You should add any additional work information as you complete the form.

Employer Name	Year	Earnings

Form **SSA-821-BK** (04-2012) ef (04-2012)

For More Information

Please read the enclosed pamphlet, "Working While Disabled ... How We Can Help." It will tell you more about why we need to know about your work, and will explain our rules about working. This pamphlet is also available online at www.ssa.gov/pubs/10095.html.

If You Have Questions

If you have any questions, or need help completing the form:

- Visit our website at www.socialsecurity.gov to find general information about Social Security.
- Call us toll-free at 1-800-772-1213, or call your local office at . You may also call your Social Security contact, at . We can answer most questions over the phone.
- Write or visit any Social Security office. If you plan to visit an office, you may call ahead to make an appointment. The office that serves your area is located at:

- If you are deaf or hard of hearing, our toll-free TTY number is 1-800-325-0778.
- If you live outside the United States, please contact any Social Security office or the nearest United States Embassy or consulate. If you live in the Philippines, you may contact the Veterans Administration Regional Office, Social Security Division, 1131 Roxas Boulevard, Manila. You may also write to the Social Security Administration, P.O. Box 17775, Baltimore, Maryland, 21235-7775, USA.

Please have this letter with you if you call or visit an office. If you write, please include a copy of this letter. It will help us answer your questions.

Social Security Administration

Enclosures:
SSA Pub No. 05-10095
Pre-addressed Envelope

Form **SSA-821-BK** (04-2012) ef (04-2012)

SOCIAL SECURITY ADMINISTRATION

Form Approved
OMB No. 0960-0059

Work Activity Report - Employee

Identification - To Be Completed by SSA

Name of Claimant or Beneficiary	Claimant or Beneficiary's Own SSN	☐ Blind ☐ Not Blind
Claim Number(s) & BIC		

Please use this form to describe your work activity since **(Insert alleged onset date, date of entitlement, or last determination date, as appropriate)**	**DATE**

Information - To Be Completed By Person Applying For Or Receiving Benefits

Please answer each of the questions on this form with as many details as you can. This information will help us decide if you should get or keep getting disability benefits.

If you need more room for your answers, go to the Remarks section at the end of the form.

1. Have you had any employment income or wages since the DATE shown above in the Identification section? (check one)

☐ **NO. If you did not work but income was reported for you, go to Question 2.**

☐ **YES. Go to Question 3.**

2. If you did not work, other types of income may have been reported for you. Please complete the information below. We may ask you for proof of this income. When you are finished, **go to Question 7**.

Type of Payment	Name and Address of Payer	Amount	Date Worked (MM/YYYY-MM/YYYY)
☑ Example	ABC Company 123 Any Street Your Town, MD 54321	$100 per day, week, month, or year	01/2000 - 02/2000
☐ Back Pay		$_____ per_____	
☐ Vacation Pay		$_____ per_____	
☐ Holiday Pay		$_____ per_____	
☐ Bonus or Commission		$_____ per_____	
☐ Royalties		$_____ per_____	
☐ Sick Pay		$_____ per_____	
☐ Disability Pay		$_____ per_____	
☐ Insurance Payment		$_____ per_____	
☐ Workers Comp		$_____ per_____	
☐ Other (Please explain)		$_____ per_____	

Claim #:

3A. Please tell us about your work **since the DATE shown in the Identification section, beginning with your most recent employer**. If you are not sure about this, ask your employer(s) to help you. Use the additional space provided in the Remarks section if you need more room for your answer.

Current or Most Recent Employer's Name	Area Code and Telephone Number	Area Code and Fax Number

Mailing address	City	State	ZIP Code

Job Title and Type of Work

Date Work Started (MM/DD/YYYY)	Date Work Ended (if ended) (MM/DD/YYYY) ☐ Still working	Rate of Pay $ _____ per _____	Hours Worked per Week (on average)

Attach copies of all your pay stubs from this employer or ask the employer for a wage print-out showing gross monthly earnings **since the DATE shown in the Identification section.**

☐ I have **ENCLOSED Pay Stubs or Gross Wage Print Outs.**

☐ **I DO NOT have Pay Stubs or Gross Wage Print Outs.** For any months that you DO NOT have pay stubs or a print-out, use the chart below to tell us how much you earned (before deductions) in each month.

Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount
	$		$		$
	$		$		$
	$		$		$
	$		$		$

3B. If you do not have any more employers, **go to Question 4.**

Previous Employer's Name	Area Code and Telephone Number	Area Code and Fax Number

Mailing address	City	State	ZIP Code

Job Title and Type of Work

Date Work Started (MM/DD/YYYY)	Date Work Ended (if ended) (MM/DD/YYYY) ☐ Still working	Rate of Pay $ _____ per _____	Hours Worked per Week (on average)

Attach copies of all your pay stubs from this employer or ask the employer for a wage print-out showing gross monthly earnings **since the DATE shown in the Identification section.**

☐ I have **ENCLOSED Pay Stubs or Gross Wage Print Outs.**

☐ **I DO NOT have Pay Stubs or Gross Wage Print Outs.** For any months that you DO NOT have pay stubs or a print-out, use the chart below to tell us how much you earned (before deductions) in each month.

Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount
	$		$		$
	$		$		$
	$		$		$
	$		$		$

Claim #:

3C. If you do not have any more employers, **go to Question 4.**

Previous Employer's Name	Area Code and Telephone Number	Area Code and Fax Number

Mailing address	City	State	ZIP Code

Job Title and Type of Work

Date Work Started (MM/DD/YYYY)	Date Work Ended (if ended) (MM/DD/YYYY) ☐ Still working	Rate of Pay $____ per ____	Hours Worked per Week (on average)

Attach copies of all your pay stubs from this employer or ask the employer for a wage print-out showing gross monthly earnings **since the DATE shown in the Identification section.**

☐ I have **ENCLOSED Pay Stubs or Gross Wage Print Outs.**

☐ **I DO NOT have Pay Stubs or Gross Wage Print Outs.** For any months that you DO NOT have pay stubs or a print-out, use the chart below to tell us how much you earned (before deductions) in each month.

Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount
	$		$		$
	$		$		$
	$		$		$
	$		$		$
If you have more employers, **go to the Remarks Section.**					

4. Do or did you get any other payment(s) or benefit(s) from an employer **in addition to the regular pay** shown in Question 3?

☐ **NO. Go to Question 5.**

☐ **YES. Please check all that apply below.**

☐ Sick Pay ☐ Disability Pay ☐ Vacation Pay ☐ Tips ☐ Bonus

☐ Transportation ☐ Car or Vehicle ☐ Childcare ☐ Meals ☐ Room or Rent

☐ Other (Please explain): _____

Payment or Item	Employer Name	Amount or Estimate of Value	Date Received (MM/YYYY-MM/YYYY)
Example: *Sick Pay*	*ABC Company*	*$100 per day, week, month, or year*	*01/2000 - 02/2000*
		$____ per____	
		$____ per____	
		$____ per____	

Claim #:

5. For any job(s) that you told us about in Question 3, have you worked under any special conditions listed below?

Yes	Special Condition	Employer Name	Date (MM/YYYY to MM/YYYY)	Please Describe
☐	Had extra help, extra supervision or a job coach			
☐	Worked irregular or fewer hours than other workers			
☐	Given special equipment because of my condition			
☐	Took more rest periods than other workers			
☐	Given special transportation to and from work			
☐	Had fewer or easier duties than other workers			
☐	Allowed to produce less work than other workers			
☐	Hired through special training or therapy program			
☐	Given work that was suited to my condition			
☐	Given special help getting ready for work			
☐	Other (explain)			
☐	Other (explain)			
☐	**None of the above apply. Go to Question 6A.**			

Claim #:

6A. For any job that you told us about in Question 3, did you make any of the changes below since the **DATE shown in the Identification section** (Check all that apply).

Yes	Special Condition	Employer Name	Date (MM/DD/YYYY)	Reasons for Changes in Work Activity
☐	Stopped working			☐ My physical and/or mental condition(s) ☐ Special conditions that allowed me to work were removed ☐ Other reasons (please explain in 6B)
☐	Reduced my work hours			☐ My physical and/or mental condition(s) ☐ Special conditions that allowed me to work were removed ☐ Other reasons (please explain in 6B)
☐	Reduced my earnings			☐ My physical and/or mental condition(s) ☐ Special conditions that allowed me to work were removed ☐ Other reasons (please explain in 6B)
☐	Changed to a lighter or easier type of work			☐ My physical and/or mental condition(s) ☐ Special conditions that allowed me to work were removed ☐ Other reasons (please explain in 6B)
☐	**No,** I did not make any changes since the date shown in the Identification section. **Go to Question 7.**			

6B. Use this space to provide any additional information about your work changes.

Claim #:

7. Do or did you spend any of your own money for items or services **related to your physical and/or mental condition(s)** that you needed in order to work and for which you did not get reimbursed? (For example; medicines or co-pays, medical devices or procedures, Braille equipment, special telephone or equipment, service animal, attendant care, modifications to a car used for work, or other special transportation.) We may ask you for proof of payment.

☐ **NO.** I did not spend any of my own money for items or services related to my physical and/or mental condition.

☐ **YES.** Please tell us what you paid below. Do not show any expenses that have been or will be paid by an insurance company, other organization, or other person.

Describe Item or Service	Cost	Date Paid (MM/YYYY-MM/YYYY)
Example: *Service animal*	*$100 per day, week, month, or year*	*01/2000 - 02/2000*
	$_____ per_____	
	$_____ per_____	
	$_____ per_____	
	$_____ per_____	

Remarks

Use this section to add any information you did not have space for in other parts of the form. Please show the number of the question you are answering.

Claim #:

Remarks

Use this section to add any information you did not have space for in other parts of the form. Please show the number of the question you are answering.

Signature

I authorize any employer, agency, or other organization to disclose to the Social Security Administration or the State agency that may determine or review my entitlement to disability benefits, any information about my physical and/or mental condition or my work.

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 or misleading statement about a material fact in this information, or causes someone else to do so, commits a crime and may be sent to prison, or may face other penalties, or both.

Signature of Claimant, Beneficiary or Representative	Date	Area Code and Telephone Number	
Mailing address (Number and Street, Apt. no., P.O. Box, or Rural Route)	City	State	ZIP Code

If this statement is signed with a mark (e.g. X), two witnesses to the signing who know the person making the statement must sign below, giving their full addresses and telephone numbers.

1. Signature of Witness	Date	Area Code and Telephone Number	
Mailing address (Number and Street, Apt. no., P.O. Box, or Rural Route)	City	State	ZIP Code
2. Signature of Witness	Date	Area Code and Telephone Number	
Mailing address (Number and Street, Apt. no., P.O. Box, or Rural Route)	City	State	ZIP Code

Privacy Act Statement
Collection and Use of Personal Information

Sections 205(a), 1631(d)(1) and 1631(e)(1) of the Social Security Act, as amended, authorize us to collect this information. The information on this form is needed by Social Security to make a decision on the named claimant's claim. While giving us the information on this form is voluntary, failure to provide all or part of the requested information could prevent an accurate or timely decision on the named claimant's claim. We generally use the information you supply for the purpose of making decisions regarding claims. However, we may use it for the administration and integrity of Social Security programs. We may also disclose information to another person or to another agency in accordance with approved routine uses, which include but are not limited to the following:

(1) to enable a third party or agency to assist Social Security in establishing rights to Social Security benefits and/or coverage;

(2) to comply with Federal laws requiring the release of information from Social Security records (e.g., to the Government Accountability Office and the Department of Veterans Affairs);

(3) to make determinations for eligibility in similar health and income maintenance programs at the Federal, State, and local level; and

(4) to facilitate statistical research, audit, or investigative activities necessary to assure the integrity of Social Security programs.

We may also use the information you provide in computer matching programs. Matching programs compare our records with records kept by other Federal, State, or local government agencies. Information from these matching programs can be used to establish or verify a person's eligibility for Federally-funded or administered benefit programs and for repayment of payments or delinquent debts under these programs.

A complete list of routine uses for this information is available in our System of Records Notice entitled, Earnings Record and Self-Employment Income System, 60-0059. The notice, additional information regarding this form, and information regarding our system and programs, are available on-line at www.socialsecurity.gov or at any local Social Security office.

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 (OMB) control number. The OMB control number for this collection is 0960-0059. We estimate that it will take about 40 minutes to read the instructions, gather the facts, and answer the questions. ***Send only comments relating to our time estimate above to:*** *SSA, 6401 Security Blvd, Baltimore, MD 21235-6401.*

Claim #:

ADDITIONAL EMPLOYMENT INFORMATION
(Continuation from Page 3)

Employer's Name	Area Code and Telephone Number	Area Code and Fax Number

Mailing address	City	State	ZIP Code

Job Title and Type of Work

Date Work Started (MM/DD/YYYY)	Date Work Ended (if ended) (MM/DD/YYYY) ☐ **Still working**	Rate of Pay $ ____ per ____	Hours Worked per Week (on average)

Attach copies of all your pay stubs from this employer or ask the employer for a wage print-out showing gross monthly earnings **since the DATE shown in the Identification section.**

☐ I have **ENCLOSED Pay Stubs or Gross Wage Print Outs.**

☐ I **DO NOT have Pay Stubs or Gross Wage Print Outs.** For any months that you DO NOT have pay stubs or a print-out, use the chart below to tell us how much you earned (before deductions) in each month.

Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount
	$		$		$
	$		$		$
	$		$		$
	$		$		$

Employer's Name	Area Code and Telephone Number	Area Code and Fax Number

Mailing address	City	State	ZIP Code

Job Title and Type of Work

Date Work Started (MM/DD/YYYY)	Date Work Ended (if ended) (MM/DD/YYYY) ☐ Still working	Rate of Pay $ ____ per ____	Hours Worked per Week (on average)

Attach copies of all your pay stubs from this employer or ask the employer for a wage print-out showing gross monthly earnings **since the DATE shown in the Identification section.**

☐ I have **ENCLOSED Pay Stubs or Gross Wage Print Outs.**

☐ **I DO NOT have Pay Stubs or Gross Wage Print Outs.** For any months that you DO NOT have pay stubs or a print-out, use the chart below to tell us how much you earned (before deductions) in each month.

Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount
	$		$		$
	$		$		$
	$		$		$
	$		$		$

Claim #:

ADDITIONAL EMPLOYMENT INFORMATION
(Continuation from Page 3)

Employer's Name	Area Code and Telephone Number	Area Code and Fax Number

Mailing address	City	State	ZIP Code

Job Title and Type of Work

Date Work Started (MM/DD/YYYY)	Date Work Ended (if ended) (MM/DD/YYYY) ☐ **Still working**	Rate of Pay $ ____ per ____	Hours Worked per Week (on average)

Attach copies of all your pay stubs from this employer or ask the employer for a wage print-out showing gross monthly earnings **since the DATE shown in the Identification section.**

☐ I have **ENCLOSED Pay Stubs or Gross Wage Print Outs.**

☐ I **DO NOT have Pay Stubs or Gross Wage Print Outs.** For any months that you DO NOT have pay stubs or a print-out, use the chart below to tell us how much you earned (before deductions) in each month.

Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount
	$		$		$
	$		$		$
	$		$		$
	$		$		$

Employer's Name	Area Code and Telephone Number	Area Code and Fax Number

Mailing address	City	State	ZIP Code

Job Title and Type of Work

Date Work Started (MM/DD/YYYY)	Date Work Ended (if ended) (MM/DD/YYYY) ☐ Still working	Rate of Pay $ ____ per ____	Hours Worked per Week (on average)

Attach copies of all your pay stubs from this employer or ask the employer for a wage print-out showing gross monthly earnings **since the DATE shown in the Identification section.**

☐ I have **ENCLOSED Pay Stubs or Gross Wage Print Outs.**

☐ I **DO NOT have Pay Stubs or Gross Wage Print Outs.** For any months that you DO NOT have pay stubs or a print-out, use the chart below to tell us how much you earned (before deductions) in each month.

Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount	Date Earned MM/YYYY	Amount
	$		$		$
	$		$		$
	$		$		$
	$		$		$

Enclosure 10

Social Security Administration
Retirement, Survivors, and Disability Insurance
Notice of Proposed Decision

OFFICE OF CENTRAL
OPERATIONS
7-F-15 7TH FLR SW TWR
1500 WOODLAWN DRIVE
BALTIMORE MD 21241

Date: September 24, 2011
Claim Number: xxx-xx-xxxx A

M PUBLIC
1234 MAIN ST
BIRMINGHAM, AL xxxxx-xxxx

We reviewed your work record to see if you are still eligible for Social Security disability insurance benefits. We looked at your work and earnings for August 2009 through August 2011. Our review shows that, because of your work, you may not be eligible for disability payments for:

January 2010 through July 2010

Any Medicare coverage you have can continue. We will send you another letter if your Medicare coverage changes.

We have not decided if you can still get disability payments. You can still give us more information about your work. For example, you may give us pay stubs, information about job coaching or vocational rehabilitation services that you received, or receipts for your impairment-related work expenses.

What You Should Do

- Read this letter carefully.
- Contact us within **10 days** if you have more information that you want us to consider.
  - The 10 days start the day after you receive this letter. We assume that you got this letter within 5 days after the date on it, unless you show us that you did not get it within the 5-day period.
- Let us know right away if you need more time.
- You may call us toll-free at 1-800-772-1213 or contact your local Social Security office.

Enclosure 10

If We Do Not Hear From You

If we do not hear from you within **10 days**, we will make our decision about your disability payments based on the information we have now. We will send you another letter when we make our decision.

The Information We Have

Here is the information we have that affects your disability payments:

- Your signed statement about your work and earnings
- Our records of your earnings
- Work information your employer reported to us

Our records show that you worked the following dates:

Work Started	Work Ended	Employer

Our records show that you have the following items that we deducted from your earnings:

- **Impairment-related work expenses**: Impairment-related work expenses are certain costs for items or services you need because of your disability to help you work. We can only deduct costs that you pay for yourself. We cannot deduct these costs if another source, such as an insurance plan, will reimburse you. You must submit proof of payment and we must approve your expenses. Some examples of these expenses are medicines, equipment, and counseling or therapy sessions.

Our records do not show that you have the following items that we may deduct from earnings:

- **Subsidies and special conditions:** Subsidies and special conditions are extra help you receive on the job because of your disability. Some examples of extra help you may receive on the job are extra breaks or a job coach.

- **Unincurred business expenses**: If you are self-employed, an unincurred business expense is a free item or service to support your business. Some examples are free rent, unpaid help from friends and family members, or donated equipment and supplies.

Enclosure 10

Your Extended Period of Eligibility

After your trial work period ends, you get an extended period of eligibility that lasts for at least 3 years. During your extended period of eligibility, you may still receive payments depending on how much you work and earn. We pay you disability benefits during this period if:

- your condition is still disabling, and
- your work is not substantial gainful activity.

What Is Substantial Gainful Activity?

Substantial gainful activity is physical or mental work you can do for pay or profit. It can be full-time or part-time work. Generally, we use your earnings amounts to decide if your work is substantial and gainful. If you are self-employed, we may consider what you do in the business to decide if your work is substantial and gainful. Please see the enclosed chart about your extended period of eligibility. It shows your monthly earnings and the earnings amounts we use as guidelines to decide if we count that month as substantial gainful activity.

Disability Payments During Your Extended Period of Eligibility

During the first 3 years of your extended period of eligibility, we can pay you disability payments for:

- any month your work is not substantial gainful activity, and
- the first month that your work is substantial gainful activity, and
- the next 2 months no matter how much you earn.

Your extended period of eligibility began January 2009 and it has not ended. It will end if your work is substantial gainful activity after December 2011.

Your first month of substantial gainful activity was January 2010, so we paid you for January 2010, February 2010, and March 2010. We cannot pay you for April 2010 through July 2010 because your work was substantial gainful activity.

If You Have Questions

If you have any questions, please:

- Visit our website at www.socialsecurity.gov to find general information about Social Security;

- Call John Smith at the Office of Central Operations at 1-800-555-5555;

Enclosure 10

- Call us toll-free at 1-800-772-1213 or call your local office at 555-555-5555. We can answer most questions over the phone. If you are deaf or hard of hearing, our toll-free TTY number is 1-800-325-0778; or

- Write or visit any Social Security office. If you plan to visit an office, you may call ahead to make an appointment. The office that serves your area is located at:

  123 ABC Street
  Falls Church, VA 12345

Please have this letter with you if you call or visit an office. If you write, please include a copy of the first page of this letter. It will help us answer your questions.

Social Security Administration

Enclosure:
Your Monthly Work and Earnings – Extended Period of Eligibility

Enclosure 11

Social Security Administration
Retirement, Survivors and Disability Insurance

FO Address
FO Address
FO Address

Date:
Claim Number:

Dear XXXXXX,

Thank you for contacting us to report your work or changes in your work activity. The information shown below has been forwarded to a representative to determine what effect this change will have on your Social Security and/or Supplemental Security Income benefits.

If any of the information shown below is incorrect, please contact us at the number shown below.

Suspect Social Security Fraud?

Please visit http://oig.ssa.gov/r or call the Inspector General's Fraud Hotline at 1-800-269-0271 (TTY 1-866-501-2101).

If You Have Questions

We invite you to visit our web site at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have specific questions, you may call us toll-free at 1-800-772-1213. We can answer most questions over the phone. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778. If you do call or visit an office, please have this letter with you. It will help us answer your questions. Also, if you plan to visit an office, you may call ahead to make an appointment. This will help us serve you more quickly when you arrive at the office.

See Next Page

Enclosure 11

Work Report Information

Employer:

Phone:
Supervisor:
Job Title:
Employment Dates:
Work Hours:
Starting Salary:
Current/Ending Salary:
If Employment Ended,
Reason Ended:
Report Date:
Form SSA-

Enclosure 12

Social Security Administration
Retirement, Survivors, and Disability Insurance
Notice of Proposed Decision

OFFICE OF CENTRAL OPERATIONS
7-F-15 7TH FLR SW TWR
1500 WOODLAWN DRIVE
BALTIMORE MD 21241

Date: May 15, 2011
Claim Number: xxx-xx-xxxx A

BENEFICIARY NAME
1234 MAIN ST
ANYTOWN, MD 21235

We reviewed your work record to see if you are still eligible for Social Security disability insurance benefits. We looked at your work and earnings for March 2009 through April 2011. Our review shows that, because of your work, you may not be eligible for disability payments for:

April 2010 through September 2010,
April 2011 and continuing.

Any Medicare coverage you have can continue. We will send you another letter if your Medicare coverage changes.

We have not decided if you can still get disability payments. You can still give us more information about your work. For example, you may give us pay stubs, information about job coaching or vocational rehabilitation services that you received, or receipts for your impairment-related work expenses.

What You Should Do

- Read this letter carefully.
- Contact us within 10 days if you have more information that you want us to consider.
  - The 10 days start the day after you receive this letter. We assume that you got this letter within 5 days after the date on it, unless you show us that you did not get it within the 5-day period.
- Let us know right away if you need more time.

Enclosure 12

- You may call us toll-free at 1-800-772-1213 or contact your local Social Security office.

If We Do Not Hear From You

If we do not hear from you within 10 days, we will make our decision about your disability payments based on the information we have now. We will send you another letter when we make our decision.

The Information We Have

Here is the information we have that affects your disability payments:

- Your signed statement about your work and earnings
- Our records of your earnings
- Work information your employer reported to us
- Other

Our records show that you worked the following dates:

Work Started	Work Ended	Employer

Our records do not show that you have the following items that we may deduct from earnings:

- **Impairment-related work expenses:** Impairment-related work expenses are certain costs for items or services you need because of your disability to help you work. We can only deduct costs that you pay for yourself. We cannot deduct these costs if another source, such as an insurance plan, will reimburse you. You must submit proof of payment and we must approve your expenses. Some examples of these expenses are medicines, equipment, and counseling or therapy sessions.
- **Subsidies and special conditions:** Subsidies and special conditions are extra help you receive on the job because of your disability. Some examples of extra help you may receive on the job are extra breaks or a job coach.
- **Unincurred business expenses:** If you are self-employed, an unincurred business expense is a free item or service to support your business. Some examples are free rent, unpaid help from friends and family members, or donated equipment and supplies.

Enclosure 12

Your Initial Reinstatement Period

When we reinstated your disability payments in March 2009, you began your initial reinstatement period. During your initial reinstatement period, we can pay you for any month your work and earnings are not substantial gainful activity.

How it works:

- Begins the month we reinstated your payments
- Usually ends after you have received 24 months of payments
- The 24 months do not have to be in a row

Your initial reinstatement period began March 2009 and has not ended. So far, you have received benefits for 16 months. We cannot pay you for April 2010 through September 2010, and April 2011 and continuing because your work was substantial and gainful.

What Is Substantial Gainful Activity?

Substantial gainful activity is physical or mental work you can do for pay or profit. It can be full-time or part-time work. Generally, we use your earnings amounts to decide if your work is substantial and gainful. If you are self-employed, we may consider what you do in the business to decide if your work is substantial and gainful. Please see the enclosed chart about your initial reinstatement period. It shows your monthly earnings and the earnings amounts we use as guidelines to decide if we count that month as substantial gainful activity.

Your Trial Work Period

After your initial reinstatement period is over, you will get a new trial work period and extended period of eligibility. You get a 9-month trial work period to test your ability to work. The 9 months do not have to be all in a row, and must take place within a 5-year period. During your trial work period, we can pay you disability payments no matter how much you earn.

Your Extended Period of Eligibility

After your trial work period ends, you get an extended period of eligibility that lasts for at least 3 years. During your extended period of eligibility, you may still receive payments depending on how much you work and earn. We pay you disability benefits during this period if:

- your condition is still disabling, and
- your work is not substantial gainful activity.

Enclosure 12

Disability Payments During Your Extended Period of Eligibility

During the first 3 years of your extended period of eligibility, we can pay you disability payments for:

- any month your work is not substantial gainful activity, and
- the first month that your work is substantial gainful activity, and
- for the next 2 months no matter how much you earn.

If You Have Questions

If you have any questions, please:

- Visit our website at www.socialsecurity.gov to find general information about Social Security;

- Call John Smith at the Office of Central Operations at 1-800-555-5555;

- Call us toll-free at 1-800-772-1213 or call your local office at 555-555-5555. We can answer most questions over the phone. If you are deaf or hard of hearing, our toll-free TTY number is 1-800-325-0778; or

- Write or visit any Social Security office. If you plan to visit an office, you may call ahead to make an appointment. The office that serves your area is located at:

  123 ABC Street
  Anytown, VA 12345

Please have this letter with you if you call or visit an office. If you write, please include a copy of the first page of this letter. It will help us answer your questions.

Social Security Administration

Enclosures:
Your Monthly Work and Earnings – Initial Reinstatement Period

[Submissions for the Record follow:]

June 16, 2015

The Honorable Sam Johnson
3rd District, Texas
2304 Rayburn House Office Building
Washington, DC 20515

The Honorable Xavier Becerra
34th District, California
1226 Longworth House Office Building
Washington, DC 20515

Dear Chairman Johnson and Ranking Member Becerra,

On behalf of the 1.2 million members of AMAC, the Association of Mature American Citizens, I am writing to offer our thoughts and concerns regarding the Social Security Disability Insurance (SSDI) program ahead of your upcoming hearing entitled, "The Financial Risk of Returning to Work."

Currently, large amounts of taxpayer dollars are wasted as an unintended consequence of the failure to address structural vulnerabilities within SSDI – especially as it relates to incentivizing beneficiaries to return to work. In fact, it takes considerable time for the Social Security Administration (SSA) to process earnings reports of beneficiaries who are actively seeking to rejoin the workforce and to assess a person's physical and mental ability to engage in substantial gainful activity. These factors, among others, lead to overpayments to beneficiaries who have already reentered the workforce in some capacity and whose benefits have not been adjusted accordingly. These overpayments ultimately damage the long-term financial sustainability of SSDI and threaten the integrity of the program, which is financed by taxpayer dollars.

In addition to preventing unnecessary and wasteful spending in this program, AMAC believes that Congress must take steps to limit disincentives to work that are built in to existing federal law and impact programs like SSDI. Recent studies show that fewer people with disabilities are working today than were in the past and that the percentage of the working-age population collecting SSDI benefits has more than doubled since the 1980s. With less than 1 percent of beneficiaries leaving SSDI to return to work in a given year, it is critical that Congress begin to evaluate legislative solutions to reduce overpayments and to encourage physically and mentally able Americans to rejoin the workforce.

As an organization committed to protecting and preserving SSDI, AMAC looks forward to partnering with you and your colleagues to promote solutions that will help disabled beneficiaries return to work and to ensure that SSDI is structurally and financially sound for years to come.

Sincerely,
Dan Weber
President and Founder of AMAC

Tuesday, June 16, 2015

To: House Ways and Means Social Security Subcommittee

NDRN believes that meaningful employment represents one of the best opportunities for people with disabilities as they work toward becoming a productive and independent member in their community. Social Security Disability Work Programs are among one of the many critical avenues for social security beneficiaries to gain access to employment. Unfortunately, employment opportunities continue to be very scarce for individuals with disabilities. The Bureau of Labor Statistics data paint an ongoing grim portrait of workforce participation by people with disabilities, even though work is the only pathway out of poverty. Employment of individuals with disabilities requires a comprehensive approach of supports and services, much of which was outlined in the Ticket to Work and Work Incentive Improvement Act of 1999. While there have been a few changes, many areas of work support have not kept pace with the need for services. Myths and fears around losing benefits persist as do overpayments, premature terminations, and other issues which contribute to the fear of employment.

One program, the Protection and Advocacy for Beneficiaries of Social Security (PABSS) is administered through the NDRN network. This program is funded to provide information and advice about obtaining vocational rehabilitation and other employment services as well as to provide advocacy or other services that a beneficiary needs to secure, regain, or maintain gainful employment. The issues facing individuals returning to the workforce are many and varied. And the costs are often overwhelming, emotionally and financially. While the Rehabilitation Act holds the premise of full employment of individuals with even the most significant disabilities, discrimination is alive and well despite the promise of non-discrimination held in the ADAA. The P&As assist individuals access the services they need to compete in the labor force and help them to understand basic employment rights and how and when to disclose disability. But perhaps the biggest area of confusion lies in complicated program rules in the Social Security Work Incentives.

PABSS staff are regularly encouraging beneficiaries to choose work by explaining that changes in benefits occur gradually as work activity increases, and that access to healthcare continues for periods of time. But perhaps one of the biggest obstacles to returning to work is Overpayments. Beneficiaries as individuals with disabilities are among the poorest people in the country, and work should be an opportunity out of poverty. But too often, when they obtain employment and diligently report earning to SSA, they are slapped with large overpayments that seem punitive in nature and self-defeating to their efforts of self-improvement. Despite the passage of the Social Security Protection Act of 2005 and the requirement for SSA to issue wage receipts,

820 First Street NE, Suite 740 • Washington, DC 20002-4243
TEL: 202.408.9514 • FAX: 202.408.9520 • TTY: 202.408.9521
WEBSITE: WWW.NDRN.ORG • E-MAIL: INFO@NDRN.ORG

this procedure is not consistently applied across the country. Wage information continues to sit in piles on the desks of SSA staff without being input into the system, and wage receipts are often not issued for months at a time. Clearly this is a result of insufficient staff to input and process the wage information. The result, many months later is a notice of wage receipt from SSA followed by an overpayment notice and an envelope to remit the amount owing by check or your favorite credit card. This is discouraging and disheartening to the individual who has worked so hard to reach a work goal.

Resources across systems are limited, but we cannot allow funding shortages to undermine the efforts of beneficiaries who seek to improve the quality of their life through work. The programs funded under the Ticket to Work, such as WIPA and PABSS, have not been adjusted upward since their passage in 1999. This clearly has resulted in an actual cut in services and supports. Combined with insufficient staffing at SSA to process wage information in a timely fashion and we have disaster waiting to happen. We need to find better alternatives to SSA staffing, wage reporting, and information management, otherwise work will continue to be little more than a pipe dream.

Respectfully,

Cheryl Bates-Harris
Senior Disability Advocacy Specialist
NDRN

SENT VIA EMAIL

June 30, 2015

The Honorable Sam Johnson, Chairman
House Committee on Ways and Means
Subcommittee on Social Security
Rayburn House Office Building, B-317
Washington, DC 20515

The Honorable Xavier Becerra, Ranking Member
House Committee on Ways and Means
Subcommittee on Social Security
Rayburn House Office Building, B-317
Washington, DC 20515

Dear Chairman Johnson, Ranking Member Becerra, and Members of the Committee:

The National Federation of the Blind is pleased to have the opportunity to submit written comments for the Hearing on the Financial Risk of Returning to Work, held on June 16th, 2015. The National Federation of the Blind believes that blindness is not what holds you back, and those among our members who are also Social Security Disability Insurance (SSDI) beneficiaries know firsthand how the program inadvertently holds them back by making it financially risky to return to work. As an organization, we are very concerned about the looming insolvency of the SSDI trust fund, the complexity of the SSDI system, and most importantly, the broken or missing work incentives for the blind. The current "earnings cliff" is acting as a disincentive for blind SSDI beneficiaries to reach their full vocational potential. We have a proposal to address these concerns by streamlining the SSDI system and incentivizing blind beneficiaries to return to work, ultimately getting people off the rolls and saving the trust fund money.

Our approach has three aspects. First, we recommend a $2 for $1 phase out of benefits instead of the current earnings cliff. Second, we recommend that the trial work period (and in effect the extended period of eligibility) be eliminated for blind beneficiaries. Third, we recommend that blind work expenses, which are currently only offered to blind Supplemental Security Income (SSI) beneficiaries, be extended to blind SSDI beneficiaries. These three changes will create incentives for blind SSDI beneficiaries to return to work, a simple system, and streamlined work expenses for blind individuals. Below are the stories of three individuals: Mr. Tony Jones from Texas, Mr. Dave Meyer from Illinois, and Ms. Terri Wilcox from Michigan. Their stories shed light on how the current system disincentivizes work, and illustrates how our proposal will do the opposite, allowing them to attain the work they seek without penalty.

Tony Jones

Mr. Tony Jones is a member of the National Federation of the Blind of Texas. He is currently employed by Yellow Cab/Metro Sedan as an Americans with Disabilities Act (ADA) coordinator in Houston. He sincerely enjoys his work, as his largest task is helping drivers understand the importance of treating passengers with disabilities respectfully and ensuring their safety. For example, he teaches drivers how to properly secure wheelchairs in their vehicles.

Mark Riccobono, *President* | 200 East Wells Street *at Jernigan Place* Baltimore, MD 21230 | 410 659 9314 | www.nfb.org

As the ADA Coordinator for Yellow Cab, Tony works an average of twenty-nine hours per week at $12.00 per hour. His hours fluctuate week to week, but on average he makes just over $1,500 a month. Recently, Tony was offered an opportunity to increase his hours. He turned down the increase in pay because he was concerned that he might exceed $1,820 in a month. In Tony's case, increasing his workload could actually decrease his take home pay because he would be making more in his paycheck, but it would not be more than he would be foregoing if he exceeded substantial gainful activity (SGA) and lost his SSDI benefit. If his hours continued to increase, or he earned a raise, it is possible he could eventually get back to taking home the total amount he used to before losing his benefits, but there is no guarantee of that. For Tony, it does not pay to work more; it pays to stay on SSDI.

To clarify, Tony's SSDI benefit is $1,000 per month. When that is added to his monthly income from work of $1,500, his gross take-home income is $2,500 per month. If Tony starts working forty hours a week at $12.00 per hour (instead of twenty-nine hours a week) and he works the average twenty-two days a month, he would earn about $2,112 ($12.00 x 40 hours x 4.4 weeks) per month. Since he would exceed SGA ($1,820), he would lose his $1,000 SSDI benefit entirely. Instead of grossing $2,500, as he does working part-time, he would only gross the $2,112 that he would earn as a full-time employee. That means it actually costs Tony $388 ($2,500-$2,112) a month to work more. This is the opposite of a work incentive.

Instead, the National Federation of the Blind proposes a $2-for-$1 phase-out of benefits starting at SGA. Starting the phase-out at SGA is important; there will be no losers under this new system, only winners since it will always pay more to work more. There will be no "donut holes" that SSDI beneficiaries will be trying to avoid. In Tony's case, should he increase his hours and make $2,112 a month in gross income, the $292 extra a month that puts him over SGA will not result in the original $388 penalty, but rather a $146 loss of benefits (half of the $292 that he is over SGA) a month, putting his total pre-tax income at $2,966. That means he would lose one dollar for every two dollars he earns over SGA, and under this scenario, it clearly pays for Tony increase his hours. He could earn his increased salary, still receive his reduced SSDI payments totaling $854 a month, and save the Social Security Administration (SSA) $146 a month. This rule would allow Tony to bring more money home, while also paying more money into the SSDI trust fund. This rule would be a clear incentive to work as compared to the current rule.

Although $146 per month may not seem substantial in terms of savings for the SSDI trust fund, it is at least taking a bite out of the colossal apple. Under the current system, Tony will strategically ensure that he does not earn more than $1,820 so that he can continue to receive his full $1,000 benefit and take home as much money as he possibly can. Under our proposed system, he will not hesitate to take promotions and raises. In fact, Tony will very likely receive a raise over time, and the $146 monthly saving from the SSDI trust fund will almost certainly increase over time.

Dave Meyer

A $2-for-$1 phase-out would have also benefited Mr. Dave Meyer, a member of the National Federation of the Blind of Illinois. In the early 1990s, Dave was a part-time music therapist for a school called Marklund. At the time, he was working two days a week and collecting an SSDI benefit of $700. Dave was a dedicated, hard worker, and his students really benefited from his instruction and connected to the songs he wrote. Recognizing his value, the director of the school asked Dave to work three or four days a week instead of two. Dave was very hesitant to take the promotion because he knew he would be jeopardizing his SSDI benefit. Ultimately, Dave and his employer reached an agreement wherein he would indeed increase his hours, but since he would lose his SSDI benefit, the agreement was contingent upon Dave's ability to secure another part-time job to try to simply balance out his previous take-home pay to his new take-home pay. Unfortunately for Dave, even while working two part-time jobs and averaging over forty hours a week of work, which required him to leave his house before 7:00 a.m. and not return home until almost 11:00 p.m. on some nights, he was making less than when he was working part-time and receiving SSDI benefits! It took him over four years to become a full-time employee and earn a raise before he finally made more income than when he was an SSDI beneficiary. Due to budget cuts, Dave lost that position. He is now discouraged; he is not in the labor force, and he is not looking for work. This experience showed him that it is not worth it to go to work because it does not pay more to work more.

If there were a $2-for-$1 phase-out, Dave would have benefited in the past, and he would be motivated now to actively seek work opportunities. But instead, Dave collects a full benefit. Both he and the SSDI trust fund are "losers" under the current system. Dave is not meeting his full vocational potential; the SSDI trust fund is not saving (and earning) money while Dave is a discouraged worker.

Terri Wilcox

Ms. Terri Wilcox is a member of the National Federation of the Blind of Michigan. She taught students voice lessons for Home School Connection in Ann Arbor, Michigan, for many years. She worked as a seasonal worker and was compensated only when students were in school; she received paychecks of $900, four months out of the year. Terri was confident she could secure more students if she taught privately, but she never took this chance because she feared making too much money and losing her SSDI benefit. Terri expressly said that it did not make financial sense for her to take on more students on a full-year basis because her pay from the school district would have potentially put her over SGA.

Even while staying underemployed and under SGA, the SSDI system penalized Terri's choices instead of incentivizing her to explore and expand. Because Terri's pay schedule was set up so she got paid twice in a three month period ($900 a month for two months rather than $600 a month for three months), Terri's limited income still exceeded $780, meaning each month she earned an income triggered her trial work period and ate away at the months she was supposed to be spending exploring advanced employment options.

The intended goal of the trial work period (TWP) is to offer flexibility for beneficiaries trying to return to work, allowing them to pursue those opportunities without losing benefits. In theory, this aspect of the SSDI program is supposed to incentivize work. However, the system fails to incentivize people to work because the trigger for the TWP is significantly less than SGA, even though the purpose of the system is to allow people to earn more than SGA during this nine-month transition period without jeopardizing benefits. Why is the *trial* work period triggered by an income level well below SGA? As a result of this discrepancy, individuals, such as Terri, who decide to work even part time often trigger their TWP, and, in effect, their extended period of eligibility (EPE), long before they are even near SGA. Then, when they do get close to the actual earnings limit, they are without a buffer period between receiving benefits and obtaining SGA-level work.

Not only are the TWP and EPE confusing, but they clearly do not achieve their intended goals. By replacing the TWP and EPE with a $2-for-$1 phase-out, the complicated, confusing system will be streamlined. Blind beneficiaries (and counselors) will no longer need to keep track of how many months beneficiaries have earned over $780, or keep track of when the EPE starts and concludes, or whether work incentives and flexibilities are available or accidently used up. Instead, a simple calculation made on income earned can occur each month. Individuals like Terri will no longer be confused about when her TWP and EPE started and ended; it will always pay to work, and it will always pay more to work more.

The $2-for-$1 phase-out model is very similar to the SSI model. Innovations in technology make it easy for SSI beneficiaries to report their earnings to the SSA via phone or mobile app, and benefits and eligibility are determined according to that data. If the SSDI system were simplified, the same effective technology could be used by SSDI beneficiaries. This will save time, reduce the number of SSA employees needed to explain the complicated system, and reduce the number of visits confused or in-jeopardy SSDI beneficiaries frequently pay to SSA for clarification.

Blind Work Expenses

In addition to the aforementioned benefit offset, or $2-for-$1 phase-out, and the elimination of the trial work period, the third reform we recommend is streamlining the work expenses "deductions" for all blind beneficiaries. Under the current system, blind SSI beneficiaries may utilize blind work expenses (BWE) while blind SSDI beneficiaries can only utilize impairment-related work expenses (IRWE). Under both systems, beneficiaries can deduct work-related expenses from their "SGA cap." It would be clearer to everyone involved if blind SSDI beneficiaries could utilize BWEs, which allows them to deduct "any expenses reasonably attributable to the earning of any income." Blind individuals encounter more costs when returning to work than sighted people. For example, if a blind person lives in a rural area, oftentimes no public transportation is available. These individuals have no choice but to use a cab service every day just to get to work. Since such commutes are likely long, fares add up quickly—leading to much more of a cost than a sighted person, who could drive, would have to pay to simply get to work. To even call a cab a blind person might use the browser or mobile app on their mobile phone, but there are very few accessible touch-screen handsets on the market today. Consequently, mobile phones that are accessible are almost always the most expensive option. In addition, blind SSDI beneficiaries who return to work might utilize a refreshable braille display, a braille embosser, and other specialized

technology that can cost thousands of dollars. These are just a few of the barriers blind people face when considering whether to return to work, and then they have to consider whether these expenses are considered BWEs or IRWEs, as some often only fall into one category. To streamline the system, all blind beneficiaries, regardless of whether they are SSI or SSDI beneficiaries, should be able to utilize blind work expenses.

Conclusion

Tony, Dave, and Terri would benefit from a simplified system that gradually phases out benefits. This gradual phase-out will result in a real work incentive that achieves its intended goal of helping blind SSDI beneficiaries return to work. For blind beneficiaries like them, it would mean receiving a raise from their employer, and more money in their pockets. The confusion that currently exists with regard to a TWP and EPE starting and ending would be completely erased. The government would also benefit from a system that gradually phases out benefits. For SSA, it means less people receiving full SSDI benefits every month, and more money into the system. Additionally, a simpler system will result in less work for SSA counselors whose main role is helping SSDI beneficiaries navigate the confusing system.

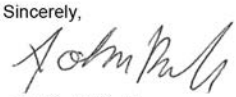
Employers benefit from a simplified SSDI system, too. For them, it would mean more options for their employees with disabilities and unlimited access to their talents. And under such a system, the potential for full financial independence for SSDI beneficiaries is immeasurable. It will always make sense for beneficiaries to advance in their field and accept raises, which means it will always make sense to pursue promotions and achieve more, eventually becoming economically self-sufficient. It is generally accepted knowledge that success is reached in increments, and we must foster those increments if working SSDI beneficiaries are to reach the peak. With a phase-out of benefits, there will never be a situation in which a step up the ladder means reduced take-home pay.

The elimination of the trial work period and extended period of eligibility will help individuals like Terri. During some months, she has the potential to make over $780, but in other months, she may make nothing. While it is helpful that the nine-month trial work period does not have to be consecutive, it is unhelpful that the trial work period is triggered when a blind beneficiary earns $1000 less than SGA. The trial work period as it exists now is a not an accurate trial work period. Many times, it is not an accurate reflection of blind beneficiaries' true potential.

By applying blind work expenses to all blind beneficiaries (SSI as well as SSDI), blind SSDI beneficiaries will have more of an incentive to work. Additionally, the system will be less confusing as well as streamlined. Many blind beneficiaries want to, and are able to, return to work. They simply need the incentive to do so, and the peace of mind to know that returning to work will always pay off for them. There are too many people out there like Dave who had negative experiences returning to work and now will never attempt to return to work again. The combination of simplifying the SSDI system by implanting a $2-for$1 phase-out, eliminating the trial work period, and allowing blind individuals to deduct blind work expenses from their SGA cap will be just the motivation that individuals, such as Dave, need to return to work.

Thank you for the opportunity to submit written comments for the Hearing on the Financial Risk of Returning to Work. Blind SSDI beneficiaries, with the proper training and support, can be productive employees. However, navigating a confusing system and the risk of being worse off financially are real concerns for blind SSDI beneficiaries. We sincerely hope that when the subcommittee is brainstorming ideas to help streamline the system and solve the insolvency problem facing the SSDI trust fund, our proposal will be taken into consideration. We are happy to answer any questions that may arise. Thank you again for the opportunity to submit comments.

Sincerely,



John G. Paré, Jr.
Executive Director for Advocacy and Policy
National Federation of the Blind

JGP/rs

National Federation of the Blind
Mark Riccobono, *President* | 200 East Wells Street *at Jernigan Place* Baltimore, MD 21230 | 410 659 9314 | www.nfb.org

RESPECTABILITY
4340 East-West Hwy, Suite 1100
Bethesda, MD 20814
Phone: (202) 517-6272 - Fax: (240) 482-8218
www.RespectAbilityUSA.org

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Written Testimony of Jennifer Laszlo Mizrahi and Philip Pauli of RespectAbility before the House Committee on Ways and Means Social Security Subcommittee on the Financial Risk of Returning to Work

Chairman Johnson, Ranking Member Becerra and Members of the Subcommittee, thank you for your leadership and your interest in the conflicting incentives that disability beneficiaries face when returning to, or seeking, work. My name is Jennifer Mizrahi and I am the President of RespectAbility, a national nonprofit working to enable people with disabilities to achieve the American dream. I myself am dyslexic, spent time as a wheelchair user, and know what it means to parent a child with multiple disabilities. Our policy director, Philip Pauli who is also an expert on these issues, joins me. Most of all, we know that people with disabilities want to have jobs and careers, just like anyone else, and that this can also save big money for taxpayers.

So much of our society has changed over the past 60 years. We have made tremendous progress in technology, medicine, education -- and in the recognition that all people must be treated equally. Why is it, then, that we continue to impose an outdated system on people with disabilities that restricts their ability to work and earn a living?

Our current system was written for another time - back in 1956, when we assumed people with disabilities would live in institutions or with their parents, were denied access to school, and were largely dependent on others throughout their lives. The federal government actually titled one of these programs "Aid to the Permanently and Totally Disabled." They were set up before basic civil rights laws were passed, including the Americans with Disabilities Act (ADA) and the Individuals with Disabilities Education Act (IDEA), which gave people with disabilities access to public schools and spaces.

Under current law, as you know, there are two main benefits programs for providing income support for people with significant disabilities. The first is Social Security Disability Insurance (SSDI) which is a social insurance program designed to replace a portion of a worker's wages should that worker become unable to work due to disability. The second is Supplemental Security Income (SSI), which is an entitlement program that is not financed by a dedicated trust and what tend to be people with developmental disabilities who require services and supports to enter and stay in the workforce. They were designed to help people with disabilities injured on the job or facing poverty, as well as for children with significant disabilities, helping their families offset the higher cost of raising them. However well intentioned, they often prevent people from working.

In 2016, SSDI will have a financial shortfall, and this new fiscal cliff provides an urgent and needed opportunity for new thinking. Currently, to get benefits under SSDI or SSI, individuals must meet the disability definition of "the inability to engage in substantial gainful activity (SGA) by reason of a medically determinable physical or mental impairment expected to last at least 12 months." They can have a job, but the monthly SGA earnings limit to get SSI in 2014 is $1,070 for non-blind individuals and $1,800 for statutorily blind individuals. It is extremely difficult to live off these funds, yet millions of Americans do so because being in these

programs gives them access to something far more vital than cash payments - health insurance and other supports through Medicare and Medicaid.

It is critically important that the attention of the legislature and the public be directed at these work disincentives. A system that was designed to help individuals with disabilities instead traps them in a tyranny of low expectations and diminished opportunity. Just recently, the Social Security Administration spent $47 million to study projects aimed at improving youth transitions. This was a very good use of funds because we must use scientific measures to find the best way to get people with disabilities into gainful employment.

Sadly, like some of the early efforts to cure cancer, the silver bullet was not yet found. The impact of the Youth Transition Demonstration on employment outcomes was minimal, but it confirms one of the critical facts facing youth receiving SSI or Social Security disability benefits. As the project's authors noted: "Fear and misconceptions about" eligibility and transiting to work are "major barriers to successful transitions." The cost to a young person with disability is the loss of the dignity, friendships, income, and purpose that jobs and careers provide. The cost to society is a system of growing expenditures. However, if we can shift the paradigm of work disincentives, then we can achieve the twofold goal of promoting opportunity and saving taxpayer money.

Getting young adults with disabilities jobs will be win-win-win for people with disabilities, employers and taxpayers alike. For every young person with a disability who gets the chance to have a job and otherwise would live on government benefits, taxpayers can save $300,000. Promoting greater opportunity for young people with disabilities is critical, but it isn't the whole story.

A recent Kessler Foundation survey shows that millions of Americans with disabilities are striving for work. While saving taxpayer money is important, what people want is the opportunity to work. It may be access to a personal care assistant (PCA) to help someone who is quadriplegic get out of bed, dressed and transported to work and to live independently. Someone who is newly blind or deaf may need cash benefits temporarily while they get training in how to function independently and use assistive technology. They may also need free access to computers that will "talk" to or for them as they read or type at work. But then they will be ready to work and may not need a cash stipend.

For someone with cancer or recovering from a stroke, it may be access to healthcare and flexibility in the workplace to allow him or her to go to doctor's appointments or to telecommute. However, in today's system is all or nothing. Even with the Ticket to Work program, because that is overcomplicated, it's an on-off light switch. What we need is a more like a dimmer switch that would enable people with disabilities the opportunity to climb the ladder of success. Otherwise, as we have it today, our policies undermine two basic American values -- hard work and savings. Our own shortsighted policies promote isolation, poverty and waste tax money. **While well meaning, much or our system victimizes people with disabilities. It traps people with low expectations, when they would rather pursue their dreams of work, savings, dignity and independence.**

While keeping a solid safety net for those who need it, we should enable people with disabilities to work, and have procedures in place to allow them back on SSI or SSDI quickly if

they lose their jobs. After all, workplace discrimination still exists and realistically it can take them longer to find new employment. We need to do some short term fixes to deal with the insolvency of SSDI. However, the long terms solution is to stop punishing people with disabilities who dare get jobs and become taxpayers.

It's time to embrace the unique characteristics and talents that people with disabilities bring to workplaces, which benefit employers. The US Business Leadership Network (USBLN) recently published the initial findings of their Disability Equality Index (DEI) survey. This survey shows that there are companies out there ready and willing to benefit from the talents of employees with disabilities. Companies like Comcast, Ernst & Young LLC, Lockheed Martin, Sprint and other companies has seen that people with disabilities can be extremely capable and loyal workers. If we find the right jobs for the right people, it will boost companies' bottom line.

Together with our partners at Best Buddies International, the National Association of Councils on Development Disabilities (NACDD), the National Council on Independent Living (NCIL), the National Organization on Disability (NOD), and Paralyzed Veterans of America (PVA), we have developed a resource called the Disability Employment First Planning Tool. This document contains models that are proven to work, be cost effective to implement, and be successful at employing people with disabilities. I urge you to read and share it along with our state-by-state statistics that can help in state performance metric dashboards.

We have already met with leaders from all states (including 40 governors) on these issues. We understand that this work is a marathon, not a sprint. However, together we can win the race.

There are over 1,200,000 people with disabilities between ages 16 and 20 in America. Every year, 300,000 will age into the workforce. Whether they will achieve competitive integrated employment or not depends on high expectations, as well as connecting them to effective programs and supports.

There are proven programs such as Promise, Project SEARCH, Bridges to Work, supported employment and other practices. In 2014, majorities in both the House and Senate voted for the Workforce Innovation and Opportunity Act, the first major investment in the workforce system in a decade and a half. In this law, which is now being implemented, people with disabilities are now a part of the workforce system as a whole. It is now up to the states to implement the mandate handed to by the Congress. I urge you and each state to focus resources on programs that work and plans that reflect best practices. I also urge you to reduce spending on bricks and mortars such as American Job Centers. That is because we are in an era where more and more can be done online. Moreover, proactive planning such as transitioning students from school to work is much more effective than reactive work.

It is also vital to put ending the stigma around disability employment, as it is a key barrier to employment. Twenty-five years after the ADA, while architecture and educational opportunities have changed, negative attitudes and stigmas about people with disabilities have not. Indeed, a Princeton study shows that while people with disabilities are seen as warm, they are not seen as competent. A study published by Cornell Hospitality Quarterly found that all of

the 320 hospitality companies studied share the concern that those with disabilities could not do the work required of their employees. But the fact is that people with disabilities CAN do a great job. For example, Virgin Airways founder Sir Richard Branson and finance wizard Charles Schwab are dyslexic. Scientist Stephen Hawking, like Governor Abbott of Texas, and President Franklin D. Roosevelt before them, are wheelchair users. Author Christopher Nolan has cerebral palsy. He writes using a special computer and his work has been compared to that of Joyce, Keats, and Yates.

I encourage you to read Malcolm Gladwell's book, *David and Goliath*, which extols the strength of people with disabilities. Because traditional ways of doing things don't always work for people with disabilities, Gladwell demonstrates that they compensate for that in ways that benefit the workforce by developing incredible ways to innovate. Indeed, recently I was in Israel where I visited a unit in the Israeli Air Force that uses the talents of people with disabilities to help them do a better job. I also saw how the Israeli Electric Company incorporates more than 250 employees with a full range of disabilities fully inclusively in their work.

Close to home, Comcast, Ernst & Young LLC, Lockheed Martin, Sprint and other companies has seen that people with disabilities can be extremely capable and loyal workers. So what are other employers waiting for? They are still blinded by stereotypes. It's time for people with disabilities to be seen for what they CAN do, and not for what they cannot. Thus, I urge all to ensure that actual public relations campaigns on inclusive employment – which are done using proven scientifically tested messages that work to reduce stigmas – are a part of every plan.

What can people with disabilities do? Think about it.

Beautiful music from a deaf man? It happened. Ludwig von Beethoven.

World changing words from someone with dyslexia? It happened. Thomas Jefferson.

A Super bowl champion NFL player who is deaf? It happened. Derrick Coleman.

A Nobel Prize for a scientist who failed in school? It happened. Albert Einstein.

Secrets of the universe being revealed by a man who uses a wheelchair and who can no longer speak? It's happening. Stephen Hawking.

It's time to change the narrative of how we see people with disabilities so employers can see the ABILITIES they have and the positive impact that can have on the bottom line. It's amazing that such small change can have such a big impact. It can - if it is done in a focused and strategic way.

Recognize the disability. Imagine the possibility. Respect the ability.

Modernization of the full disabilities benefits system would be good for taxpayers, who will not be required to foot the entire bill for a lifetime of dependency; good for businesses who find loyal, reliable, and motivated employees; and good for people with disabilities, who will be

happier, healthier, and lead fuller lives when they are able to work. I invite you to look at the state by state impact of what is at stake. Each of you has a lot of constituents with disabilities who are looking to you to change the system so that they too can achieve the American dream. Updating the benefits system and increasing employment among people with disabilities is a win-win-win.

http://respectabilityusa.com/resources/for-policy-makers/

Below you will find state-by-state disability statistics, as well as various op-eds and news pieces on employing people with disabilities.

Disability and Job Data By State

- Alabama: Download the PDF here. Download the PPT here.
- Alaska: Download the PDF here. Download the PPT here.
- Arizona: Download the PDF here. Download the PPT here.
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- West Virginia: Download the PDF here. Download the PPT here.
- Wisconsin: Download the PDF here. Download the PPT here.
- Wyoming: Download the PDF here. Download the PPT here.

RespectAbility's Disability Employment First Planning Tool: Download the PDF.

Download the RespectAbility Testimony to the Advisory Committee on Increasing Competitive Integrated Employment for Individuals with Disabilities here.

Download the RespectAbility Testimony to the New York State Employment First Commission here.

Thank you for your consideration.

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