



July 2014

SUPPLEMENTAL SECURITY INCOME

Wages Reported for Recipients Show Indications of Possible SSN Misuse

GAO Highlights

Highlights of [GAO-14-597](#), a report to congressional requesters

Why GAO Did This Study

In fiscal year 2012, SSA estimated it paid over \$53.4 billion to SSI recipients, of which 8.1 percent, or \$4.3 billion, SSA estimated to have been improper payments. The SSI program pays benefits to the aged, blind or disabled adults and children with limited income and resources.

GAO was asked to analyze potentially improper SSA disability payments. This report identifies potential SSI overpayments and indicators of possible SSN misuse. SSA provided GAO with a onetime file extract of SSI recipients as of December 2010 and the matching income from both the quarterly wage and unemployment insurance components of the NDNH database that included fiscal year 2010. GAO compared the SSI benefit and NDNH income data to identify potential overpayments. GAO randomly selected five individuals for case-file review. These cases cannot be projected to the overpayment population but provide illustrative examples of possible SSN misuse.

What GAO Recommends

GAO recommends that the Acting Commissioner of Social Security work with the Secretary of Homeland Security to identify the data useful to DHS's work-site enforcement strategy and seek legislative authority to obtain such information, as appropriate. DHS agreed with GAO's recommendation and SSA agreed to the intent of the recommendation, but did not agree to seek legislative authority. GAO still believes this recommendation is valid as discussed in the report to help the federal government better utilize the complementary sources of data available at SSA.

View [GAO-14-597](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or BagdoyanS@gao.gov.

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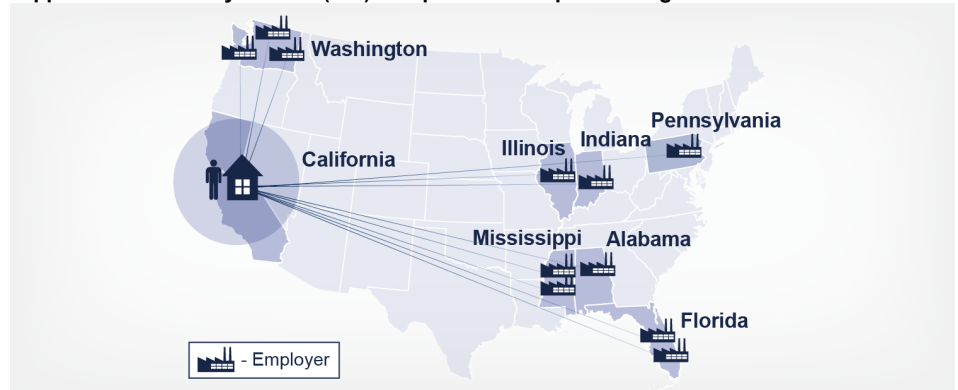
SUPPLEMENTAL SECURITY INCOME

Wages Reported for Recipients Show Indications of Possible SSN Misuse

What GAO Found

GAO's analysis of wages reported in the National Directory of New Hires (NDNH) initially showed that the Social Security Administration (SSA) made \$19 million in potential overpayments to 10,187 recipients through its Supplemental Security Income (SSI) program in fiscal year 2010. Using a different methodology that includes additional causes of overpayments not considered in GAO's analysis, SSA estimated it made \$3.3 billion in SSI overpayments in fiscal year 2010. The majority (70 percent) of the estimated overpayment amount GAO identified showed indications of possible Social Security number (SSN) misuse, such as employers reporting wages for recipients in multiple locations during the same quarter. For example, GAO determined that wages for 2,399 SSI recipients were reported solely by employers outside the recipient's state of residence. As the figure below shows, one individual in California had wages reported from 11 different employers in seven other states during the same quarter of calendar year 2010. This suggests that multiple individuals may be using the SSI recipient's SSN and name for work. The exact number of individuals who received overpayments and the exact amount of overpayments made to those individuals cannot be determined without detailed case investigations by SSA. GAO analyzed five recipient cases and provided the results to SSA.

Supplemental Security Income (SSI) Recipient with Reported Wages in Seven Different States



Source: GAO analysis of National Directory of New Hires (NDNH) and Social Security Administration (SSA) information. | GAO-14-597

GAO analyzed employers with wages for SSI recipients from outside the recipient's state and found nine employers who reported wages for 15 or more SSI recipients during the same quarter who lived in different states from the employer's location. For example, a plant located in one state reported wages for 22 SSI recipients who lived in six other states, indicating possible SSN misuse. SSA has previously reported that privacy and disclosure issues have limited its ability to routinely share information with the Department of Homeland Security (DHS), which is responsible for enforcing employer compliance with immigration laws through its work-site enforcement strategy. Reviewing SSI wages at a summary level can provide information on certain employers that have high incidences of inaccurate wage reports. The ability to share information regarding potential unauthorized employment could enhance SSA's ability to address SSN misuse and help DHS better target its work-site enforcement efforts.

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Abbreviations

DHS	Department of Homeland Security
DI	Disability Insurance
EIN	Employer Identification Number
HSI	Homeland Security Investigations
NDNH	National Directory of New Hires
OIG	Office of the Inspector General
OMB	Office of Management and Budget
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security number

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July 16, 2014

Congressional Requesters

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. The SSI program is currently 1 of the 13 programs designated by the Office of Management and Budget (OMB) as being “high-error” programs for improper payments.¹ In this regard, during fiscal year 2012, SSA estimated it paid over \$53.4 billion to SSI recipients, of which 8.1 percent, or \$4.3 billion, SSA estimated to have been improper payments (overpayments and underpayments).² Furthermore, SSA attributed 59 percent of SSI improper payments in fiscal year 2012 to verification and administration errors—such as the detection of unreported financial accounts and wages—among other things. Individuals are not eligible for SSI payments for any period during which they have income or resources that exceed the allowable amounts established under the Social Security Act, which also requires SSA to verify information on income and resources to ensure that payments are correct and are only provided to eligible individuals.³ The accuracy of earnings information is important since earnings affect a recipient’s SSI eligibility and payment amount.

Our prior work has found that weaknesses in SSA’s process for reviewing recipients’ work activity have hindered the agency’s ability to identify and

¹High-error programs are those programs that (1) measured and reported errors above the threshold determined by OMB and contributed to the majority of improper payments; (2) have not reported an improper payment dollar amount, but have in the past reported errors above the threshold; or (3) have not yet reported an overall program improper payment dollar amount, but the aggregate of the measured program’s component errors are above the threshold. The fiscal year 2010 threshold was \$750 million in improper payments.

²Total federally administered payments represent estimated program outlays and may vary from actual outlays. SSI statistical precision is at a 95 percent confidence level. Confidence intervals for fiscal year 2012 are ± 0.53 percent for underpayments and ± 1.78 percent for overpayments.

³42 U.S.C. §§ 1381 et seq.

review recipient income, which affects eligibility for disability benefits.⁴ This report is the third in a series that responds to your request to examine employment-related databases and analyze potentially improper SSA disability payments. Accordingly, this report compares SSA data with income reported in the National Directory of New Hires (NDNH) to identify potential SSI overpayments and indicators of possible Social Security number (SSN) misuse.⁵ The exact number of individuals who received SSI overpayments and the exact amount of overpayments made to those individuals cannot be determined without detailed case investigations by SSA. Hence, we refer to “potential overpayments” throughout this report.

For our prior work, SSA provided us with a one-time file extract containing SSI recipients as of December 2010 and the matching income information from both the quarterly wage and unemployment insurance components of the NDNH database that included fiscal year 2010.⁶ Since this extract is the most-recent NDNH data available to us, our analysis of SSI beneficiaries with income in the NDNH is limited to fiscal year 2010. To determine the subset of recipients who received potential overpayments during fiscal year 2010, we identified individuals who received SSI benefits in fiscal year 2010 and who also had records in the NDNH indicating the receipt of wages or unemployment insurance in the corresponding quarter of fiscal year 2010. For each individual, we compared the amount of all income in the NDNH to the maximum allowable income as specified by SSA and compared this amount to the monthly SSI benefit amounts in SSA’s files to determine the total amount of overpayment. Through comparison of these benefit amounts and income, we were able to identify potential SSI overpayments.

⁴Our earlier work focused on SSA’s Disability Insurance (DI) program, which is the nation’s largest cash-assistance program for workers with disabilities. See GAO, *Disability Insurance: Work Activity Indicates Certain Social Security Disability Insurance Payments Were Potentially Improper*, [GAO-13-635](#) (Washington, D.C.: Aug. 15, 2013) and *Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*, [GAO-11-724](#) (Washington, D.C.: July 27, 2011).

⁵The Department of Health and Human Services’ Office of Child Support Enforcement’s NDNH contains quarterly state wage information, which is more recent than the annual wage information that SSA obtains through its current Internal Revenue Service data match. SSA currently uses the NDNH to periodically monitor the earnings of SSI recipients. According to SSA Office of the Inspector General (OIG), SSN misuse is described as one person using another’s name and SSN for work purposes.

⁶[GAO-11-724](#) and [GAO-13-635](#).

In addition to our overall analysis, we randomly selected five individuals for additional review of detailed SSI case-file information from a population of individuals who were reported as receiving wages from four or more states other than the state of residence on their SSA record during the same quarter.⁷ Because we selected a small number of individuals for further analysis, the result of these five cases cannot be projected to the entire population of individuals. To develop the five cases, we reviewed relevant SSA case-file documents and interviewed SSI program officials.

To determine the reliability of the SSA disability records and NDNH data, we reviewed documentation related to these databases and interviewed officials responsible for compiling and maintaining relevant SSI and NDNH data. In addition, we performed electronic testing to determine the validity of specific data elements in the databases that we used to perform our work. We also reviewed detailed SSA case files for the nongeneralizable selection of five individuals selected for additional analysis to corroborate the NDNH and SSA data. On the basis of our discussions with agency officials, our review of related documentation, and our own testing, we concluded that the data elements used for this report were sufficiently reliable for our purposes. See appendix I for more information on our objective, scope, and methodology.

We conducted this performance audit from April 2013 to July 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Background

The SSI program pays benefits to the aged, blind or disabled adults, and children who have limited income and resources. To determine whether an SSI applicant is financially eligible, SSA is to perform an initial determination at the time of application, and to conduct periodic reviews to determine whether the recipient remains eligible. SSI recipients are

⁷Individuals had to have wages reported from four or more separate states during the same quarter. "Four or more states" was utilized as a criterion because it is unlikely that an individual could work simultaneously in four or more states in one quarter, although it is possible for individuals that live near a state border to work in the neighboring state.

required to report events that may affect their financial eligibility for benefits, including changes in income, resources, marital status, and living arrangements. SSI generally reduces the monthly benefit by \$1 for every \$2 of monthly earnings after the first \$85.⁸

SSA matches computerized data from other federal and state agencies to help verify that the recipients' case information is correct. SSA accesses the NDNH by means of routine file matches to verify eligibility and payment amounts under the SSI program.⁹ During SSA's income-verification process, SSA systems generate an alert when a match between the SSA record and the verified quarterly wage file shows there are significant overreported or underreported wages. SSA uses established criteria, such as tolerances, to generate the alerts and post them to the recipient's record for future review and development by field-office staff to determine whether the discrepancies affect SSI benefits.¹⁰

The NDNH database, administered by the Department of Health and Human Services, contains employment data on newly hired employees (form W-4), quarterly wage data on individual employees, and unemployment insurance data. In order to verify the accuracy of data in the NDNH, the department transmits the NDNH data to SSA to verify the accuracy of the SSN and its related name against information in the SSA database. When the NDNH receives notification that the SSN is verified,

⁸According to SSA, the first \$65 (up to a maximum of \$85 if the individual has no income other than earnings) of any monthly earned income plus one-half of remaining earnings are excluded for SSI benefit computation purposes.

⁹SSA matches the SSI data against the NDNH database, looking for significant wage discrepancies between reported income by SSI recipients and income reported by employers.

¹⁰An alert is generated when the wage amount for a quarter exceeds the Supplemental Security Record wage amount for that quarter by more than the "tolerance." The tolerance for a recipient's wage is \$250 for a quarter. An alert will not be generated for self-employment income because it is reported annually, not quarterly.

the system then adds the data to the NDNH database. If the SSN is not verified it is either rejected or posted to separate files within the NDNH.¹¹

GAO and the SSA Office of the Inspector General (OIG) have previously identified patterns of errors and irregularities in wage reporting, including SSN misuse. For example, in January 2001 the SSA OIG reported that employers in the agriculture industry submit thousands of wage items for which the employee's name or SSN does not match SSA records.¹² In April 2005, the SSA OIG also identified the top 100 employers in each of the service, restaurant, and agriculture industries that contribute the most reporting irregularities.¹³ Several of the employers and industry associations that spoke with the SSA OIG for its April 2005 report stated that unauthorized noncitizens contribute to SSN misuse. In 2005, we reported that employers in certain industry categories are more likely than others to submit reports with invalid worker identity information. Some employers exhibit a pattern of errors year after year, such as using one SSN for more than one worker in multiple tax years.¹⁴

According to SSA, SSN misuse can cause errors in wage reporting when earnings for one individual are incorrectly reported to the record of another person having a similar surname. An individual, such as an unauthorized noncitizen obtaining work in the United States, can also deliberately use the name and SSN of another individual, which contributes to SSN misuse. When an individual assumes another person's identity to work in the United States using the number holder's actual SSN and name to do so, wages reported for that individual will be

¹¹Some states' quarterly wage records include only a partial set of letters, or no letters, in the employees' names. When these states send their records to the NDNH, the system checks the SSN to determine whether it is within the range of SSNs that have been issued to date by SSA. Records with SSNs outside the issued range are rejected. If the SSN is within the range, the system attempts verification. If the SSN/name combination is not verified, the system accepts the record and stores it in the quarterly wage Non-Verifiable or Unverified files.

¹²Social Security Administration, Office of the Inspector General, *Obstacles to Reducing Social Security Number Misuse in the Agriculture Industry*, A-08-99-41004 (Jan. 22, 2001).

¹³Social Security Administration, Office of the Inspector General, *Social Security Number Misuse in the Service, Restaurant, and Agriculture Industries*, A-08-05-25023 (Apr. 29, 2005).

¹⁴See GAO, *Social Security: Better Coordination among Federal Agencies Could Reduce Unidentified Earnings Reports*, [GAO-05-154](#) (Washington, D.C.: Feb. 4, 2005).

posted to the true number holder's account. According to SSA policy, if earnings are identified that do not belong to the number holder, the individual may submit a signed statement "disclaiming" the wages as his or her own and have the earnings removed from his or her Master Earnings File.¹⁵

Potential Overpayments to SSI Recipients in Fiscal Year 2010 Show Indications of Possible SSN Misuse

According to SSA, in 2010, the SSI program made a total of \$44.6 billion in payments to 8.9 million recipients. Our analysis of income reported in the NDNH initially showed that SSA made \$19 million in potential SSI overpayments to 10,187 SSI recipients in fiscal year 2010, but approximately 70 percent of the total overpayment amount showed indications of possible SSN misuse, such as individuals with wages reported from employers in multiple states during the same quarter, so we were unable to determine whether the recipients actually received SSI overpayments.¹⁶ We also found employers with high incidences of inaccurate wage reports and identified information that could be shared with the Department of Homeland Security (DHS) to help address possible SSN misuse.

Analysis of 2010 Data Identified Potential Overpayments and Possible SSN Misuse

Based on comparisons of SSI beneficiary records with quarterly wage and unemployment records included in the NDNH, we initially estimated that SSA made \$19 million in potential SSI overpayments to 10,187 SSI recipients in fiscal year 2010. Using a different methodology that includes additional causes of overpayments not considered in GAO's analysis, SSA estimated to have made \$3.3 billion in SSI overpayments in fiscal year 2010.¹⁷ SSA also considers other causes of overpayments such as pensions; resources such as real estate, bank accounts, cash, stocks, and bonds; and living arrangements. The 10,187 recipients we identified

¹⁵The Master Earnings File is the main source of SSA's earnings data. SSA uses earnings information received from the Internal Revenue Service, including quarterly earnings records, and annual income-tax forms to calculate benefit amounts, and stores this earnings information as the Master Earnings File.

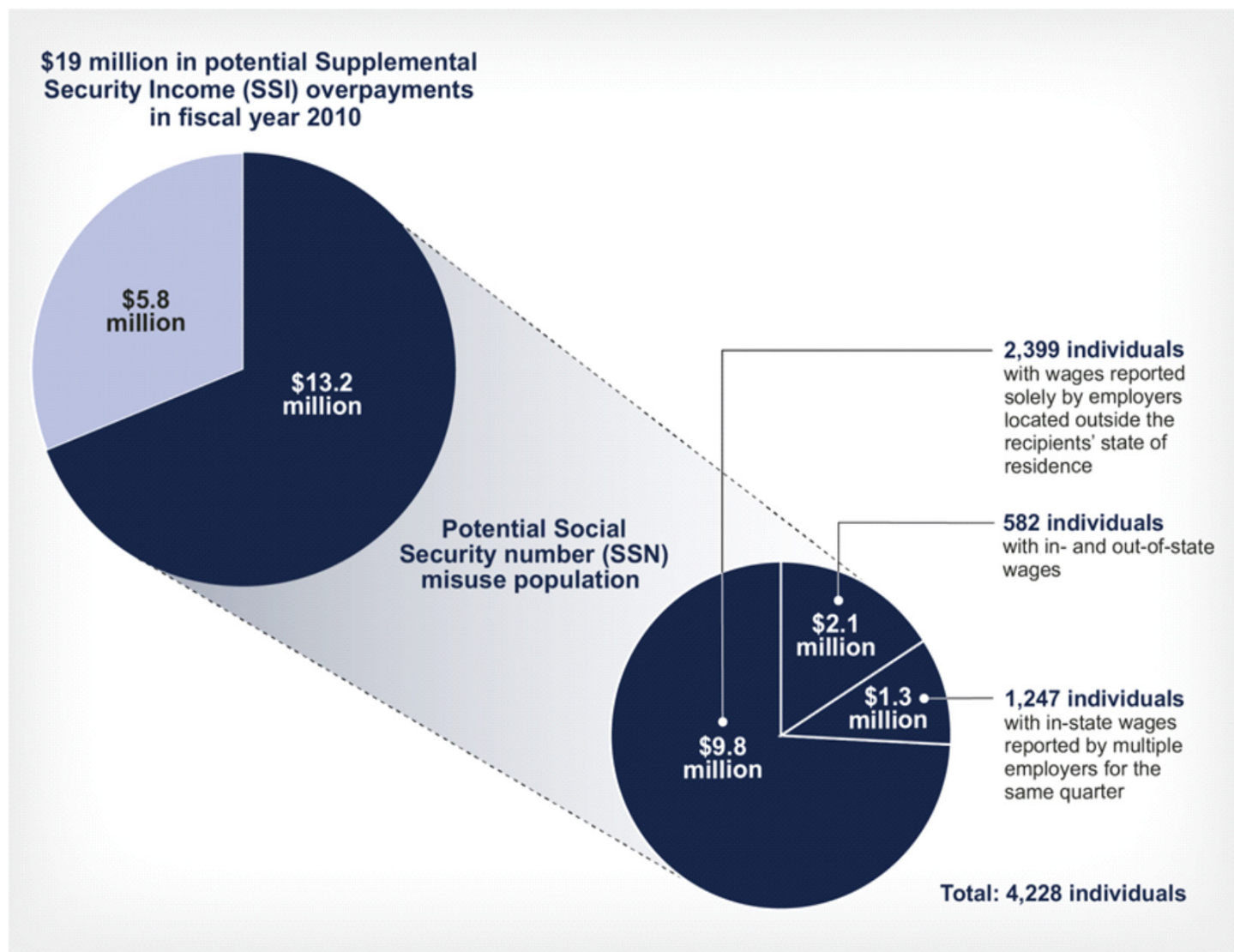
¹⁶Due to indications of potential SSN misuse, we refer to our SSI overpayment population as "potential" overpayments. It is important to note that it is not possible to determine from data analysis alone the extent to which SSA made improper benefit payments to these individuals since a detailed evaluation of all the facts and circumstances must be conducted for each recipient. This evaluation would include contacting the recipient and the employer to gather information.

¹⁷Figure obtained from Social Security Administration, *Fiscal Year 2011 Performance and Accountability Report*.

received a monthly SSI payment when, based on our analysis, they were potentially not entitled to any benefits. All of these individuals appeared to receive income in fiscal year 2010 above the maximum SSI program threshold—\$1,433 per month—while also receiving SSI payments. However, as discussed below, we found indications of some possible SSN misuse and were therefore unable to determine the extent to which SSI overpayments were due to income earned by the recipient and reported in the NDNH.

As shown in figure 1 below, more than 40 percent of our identified population of 10,187 SSI recipients (4,228 SSI recipients) and about 70 percent of our original overpayment estimate (\$13.2 million) showed indications of possible SSN misuse.

Figure 1: Overpayment Estimate of Supplemental Security Income (SSI) Recipients with Indications of Possible Social Security Number (SSN) Misuse in Fiscal Year 2010



Source: GAO analysis of National Directory of New Hires (NDNH) and Social Security Administration (SSA) information. | GAO-14-597

Note: The exact number of individuals with possible SSN misuse cannot be determined without a detailed case investigation by SSA.

During our analysis, we identified instances in which SSI recipients were reported as having received wages by employers from different states than what was reported as their state of residence on their SSA record. We conducted additional analysis of our potential overpayment population

to determine the extent to which such out-of-state wages occurred. We determined that for our potential overpayment population of 10,187 recipients, wages for 2,399 SSI recipients were reported solely by employers located outside the recipient's state of residence. Of those 2,399 individuals, 21 were reported as receiving wages by employers from four or more different states than what was reported as their state of residence on their SSA records during the same quarter. We randomly selected 5 recipients from this group of 21 for additional review of detailed SSI case-file information.

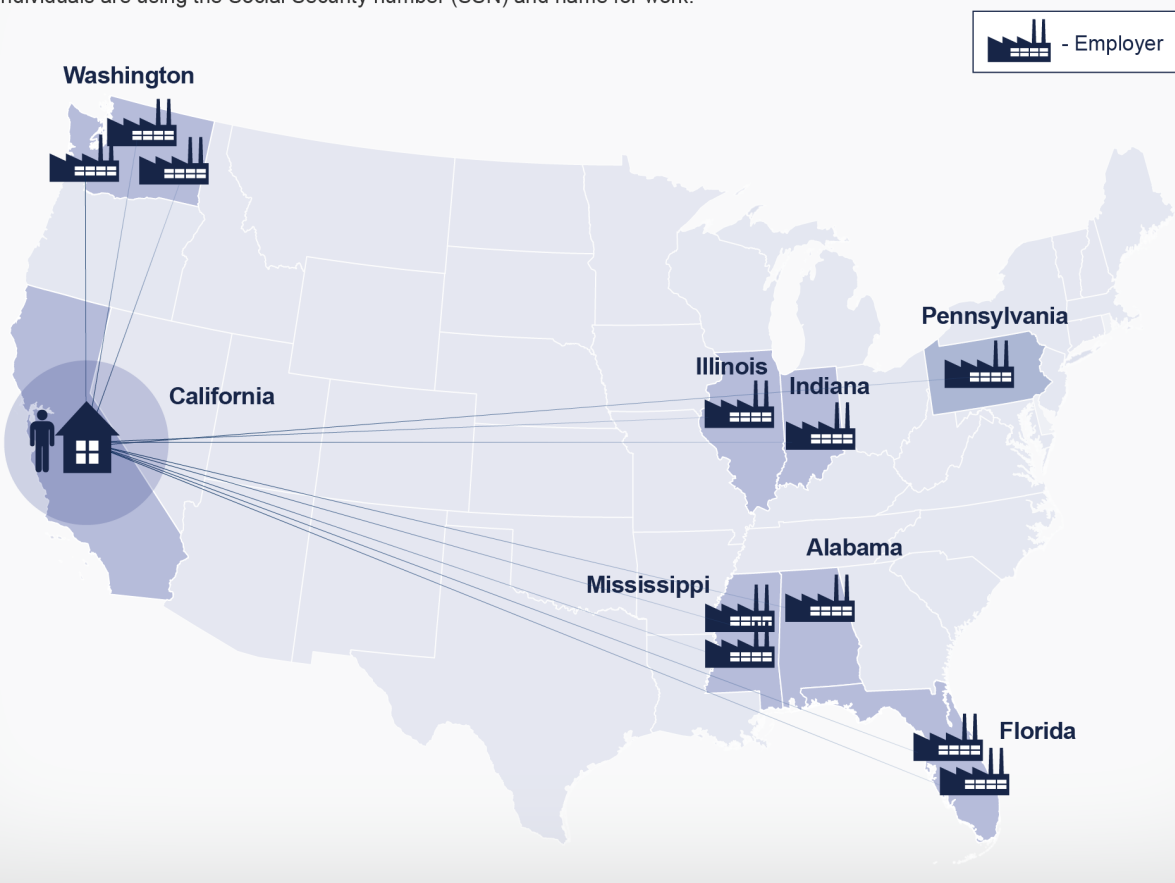
Our case-file reviews for these five recipients are nongeneralizable (i.e., cannot be projected to the entire population of individuals) but identify possible instances of SSN misuse. For each of the five cases, wages reported in the NDNH triggered alerts to SSI caseworkers for follow-up. However, all five of the recipients had evidence in their case files of wages being disclaimed. Under SSA's procedures for disclaiming wages, recipients can provide SSA with a signed statement attesting that the wages being reported for their SSN were not earned by them. One of the recipients disclaimed wages as far back as 2004, and has repeatedly disclaimed wages every year from 2009 to 2012. Once a recipient disclaims wages, the SSI caseworker then is to take an additional step to remove the disclaimed earnings from the Master Earnings File. According to SSA, the agency had already referred four of the five recipients to SSA's OIG for further investigation. SSA OIG stated that it reviewed the four cases, but the cases were subsequently closed due to insufficient details that hindered its ability to make a determination as to which individual was possibly misusing the SSN.

The five cases we reviewed also indicated possible SSN misuse. For example, as shown in figure 2 below, one individual living in California had wages reported in the NDNH from 11 different employers in seven other states that were many miles away during the same quarter of calendar year 2010. This suggests that multiple individuals may have been using the SSI recipient's SSN and name for work purposes. We recognize there are instances when individuals could work for multiple employers simultaneously. However, it is questionable that one person could work for multiple employers simultaneously in different regions of the country during the same quarter.

Figure 2: Supplemental Security Income Recipient with Reported Wages in Seven Different States

Eleven employers in seven distant states reported wages in the same quarter for one California Supplemental Security Income (SSI) recipient

One individual had reported wages from different employers in seven different states, which suggests that multiple individuals are using the Social Security number (SSN) and name for work.



Source: GAO analysis of National Directory of New Hires (NDNH) and Social Security Administration (SSA) information. | GAO-14-597

Of the 10,187 individuals we identified as having received potential SSI overpayments, we also identified another 582 SSI recipients with wages reported from employers both outside and within their home state during the same quarter. Wages reported for the remaining portion of our overpayment population were solely from employers inside their state. However, this subset of recipients also showed indications of possible misuse. A total of 1,247 in-state recipients had multiple employers report

wages during the same quarter. For example, we identified one individual who, according to SSA's records, lives in a border town in south Texas, but had wages reported in the NDNH from four different employers during the same quarter of calendar year 2010 located hundreds of miles away in the Dallas / Fort Worth and Houston, Texas, areas.

We recognize that it is possible for individuals that live near a state border to work in the neighboring state or for individuals to change their employer within a 3-month quarter for which wages are reported. However, without a detailed case-file review that includes contacting the recipient to determine if reported wages should be disclaimed, it is impossible to determine whether the wages reported by employers in other states that are many miles away are attributable to a single SSI recipient or to other individuals misusing the recipient's SSN.

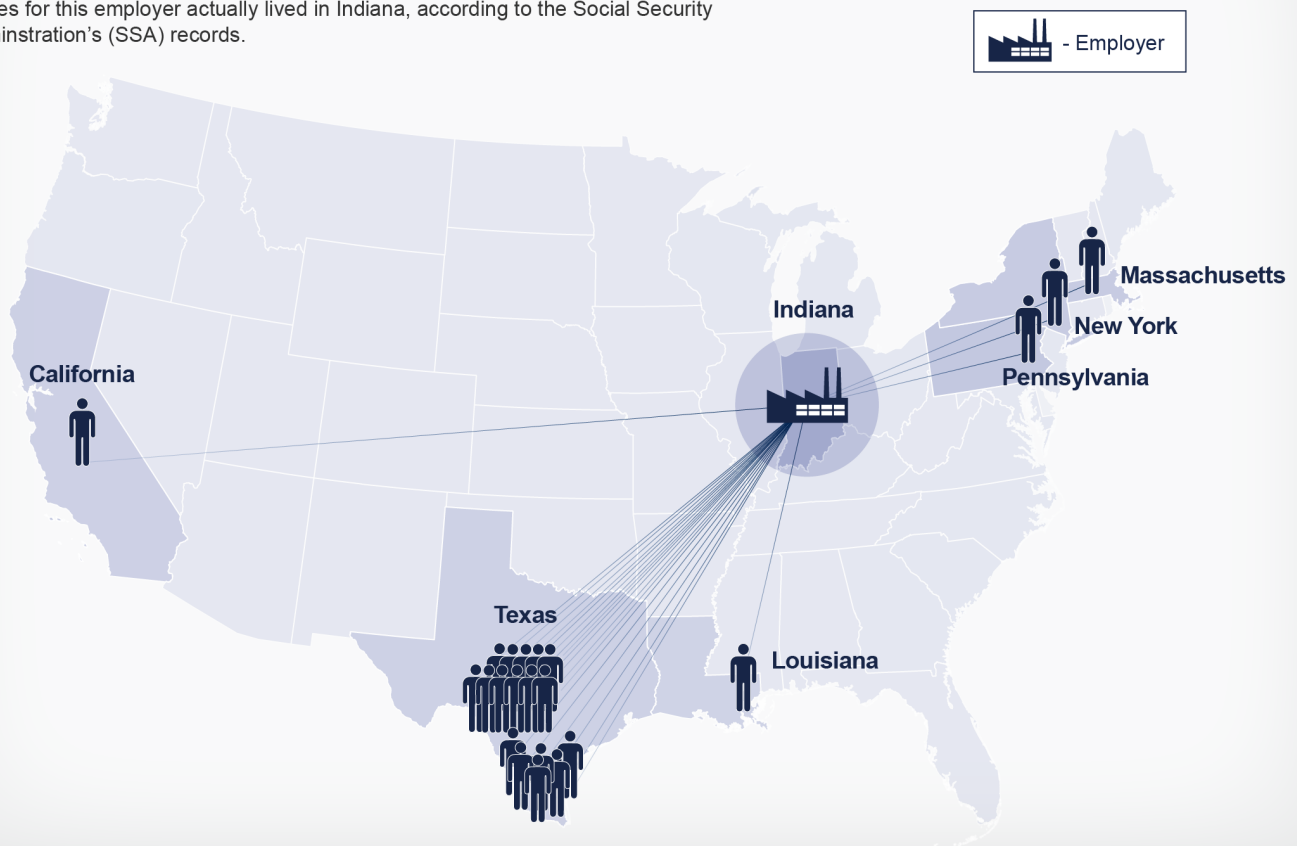
Certain Employers Had High Incidence of Questionable Wage Reporting

After determining the extent to which individuals had wages reported from outside their state, we analyzed the employers that reported those wages. As another sign of possible SSN misuse, our analysis identified nine employers who reported wages for 15 or more SSI recipients during the same quarter that, according to SSA's records, lived in different states from the employer's location. For example, as shown in figure 3 below, one meat plant with a single Indiana location reported wages for 22 SSI recipients whose SSA records indicated that they lived in other states that were many miles away: namely California, Louisiana, Massachusetts, New York, Pennsylvania, and Texas. According to SSA's records, none of the SSI recipients we detected in the wages reported by this employer actually lived in Indiana. This suggests that the Indiana plant workers may have been improperly using the SSNs of SSI recipients living in other states, or that the SSI recipients were actively working in other states while claiming SSI.

Figure 3: Employer with Reported Wages for Supplemental Security Income Recipients in Distant States

One employer located in Indiana reported wages for 22 different Supplemental Security Income (SSI) recipients that lived in distant states

None of the SSI recipient Social Security numbers (SSN) we detected in the reported wages for this employer actually lived in Indiana, according to the Social Security Administration's (SSA) records.



Source: GAO analysis of National Directory of New Hires (NDNH) and Social Security Administration (SSA) information. | GAO-14-597

SSA Could Better Share Information to Help Address SSN Misuse

According to an August 2013 SSA OIG report, SSA staff stated that some employers hire unauthorized workers because they know SSA has no legal authority to levy fines and penalties, and they are not concerned about potential Internal Revenue Service sanctions.¹⁸ DHS is responsible for granting aliens permission to work in the United States, and for enforcing compliance of employers with immigration laws. Under the law, employers who employ individuals who they know are not authorized to work in the United States may face civil fines, or in some cases, criminal penalties. The U.S. Immigration and Customs Enforcement, Homeland Security Investigations (HSI), has a three-pronged approach to address work-site enforcement: enforcement (criminal arrests of employers); compliance (employment-eligibility verification inspections, civil fines, and suspension and debarment); and outreach (education and training). According to HSI officials, HSI prioritizes its work-site enforcement investigations by focusing on the most-egregious violators, such as employers that knowingly hire unauthorized workers, utilize unauthorized workers as a business model, mistreat or exploit their workers, aid in the smuggling of their alien workforce into the United States, or create false identity documents or facilitate document fraud. HSI officials further stated that the agency continues to prioritize the protection of our nation's critical infrastructures and key resource sectors and industries by ensuring that unauthorized workers do not have access to sensitive facilities or information. As part of the effort to target unauthorized employment, a law was established allowing SSA to share data with DHS on noncitizens who have earnings recorded under a nonwork SSN.¹⁹ Under certain circumstances, SSA may assign nonwork SSNs to noncitizens who are in the United States but are not authorized to work. Individuals earning wages under a nonwork SSN represent potential noncitizens who are working without DHS authorization. Furthermore, DHS officials stated that if the data on possible SSN misuse we identified could be routinely shared with them, similar to sharing the nonwork SSN data, it may assist them in their enforcement efforts. For example, they stated that the data on possible SSN misuse we identified may add to the depth of DHS investigations by identifying indicators of potentially egregious employers who knowingly hire unauthorized workers, and support DHS's work-site

¹⁸Social Security Administration, Office of the Inspector General, *Employers Who Report Wages with Significant Errors in the Employee Name and Social Security Number*, A-08-12-13036 (Aug. 9, 2013).

¹⁹8 U.S.C. § 1360(c).

enforcement strategy efforts. Specifically, rather than identifying work discrepancies on a case-by-case basis, DHS officials agreed that our summary analysis may provide useful information on certain employers that have a high incidence of reporting inaccurate wages, indicating possible SSN misuse.

Although SSA is able to identify possible SSN misuse for SSI recipients when alert notices are generated and wages are ultimately disclaimed by the recipient, SSA has previously reported that privacy and disclosure issues have limited its ability to combat SSN misuse.²⁰ For instance, according to SSA, data-sharing restrictions limit its ability to routinely share information with DHS regarding employers who file large numbers of wage statements with inaccurate SSNs.²¹ In 2001, SSA OIG recommended that SSA reevaluate its application of existing laws or seek legislative authority to remove barriers that would allow the agency to share information regarding chronic problem employers who submit duplicate or unassigned SSNs with DHS. At the time, SSA disagreed with the recommendation, stating that it continued to provide appropriate disclosure guidance within its existing authority. In addition, SSA stated in its response to the SSA OIG's 2001 report that there was no need for the agency to reevaluate its disclosure policies or to seek legislation in this area because SSA's existing regulations authorized it to disclose information for law-enforcement purposes, including requests for investigation or prosecution purposes.

Similarly, in February 2005 we recommended that the Secretary of Homeland Security take steps to determine how DHS can best use SSA-supplied data on potential illegal work activity and specific industries associated most frequently with such activity to support its work-site enforcement efforts.²² In its response to our 2005 report, DHS had stated that it was taking the necessary steps to determine the best use of SSA-provided listings of persons with earnings who lack work authorization. In February 2006 we further concluded that coordination between DHS and SSA to leverage usable and useful data is essential to ensure that limited

²⁰Social Security Administration, Office of the Inspector General, *Employers Who Report Wages with Significant Errors in the Employee Name and Social Security Number*.

²¹Social Security Administration, Office of the Inspector General, *Obstacles to Reducing Social Security Number Misuse in the Agriculture Industry*.

²²[GAO-05-154](#).

DHS work-site enforcement resources are targeted effectively.²³ In 2005, SSA OIG reiterated its support for the 2001 recommendation to seek legislative authority that would allow SSA to share information regarding employers who had the most reporting irregularities, such as invalid, unassigned, and duplicate SSNs. In 2013, SSA OIG identified employers who report wages with significant errors in the employee name and SSN and also recommended that SSA continue working with DHS to develop a coordinated strategy to reduce SSN misuse.²⁴ In its written response to the August 2013 SSA OIG report, SSA agreed with this recommendation and stated it would continue to promote methods for employers to verify employee names and SSNs that would result in fewer wage-reporting irregularities. For example, DHS's E-Verify is a free, largely voluntary, Internet-based system that allows employers to verify the employment eligibility of newly-hired employees with the SSA database and DHS immigration databases. Currently, DHS estimates that 9 percent of employers utilize E-Verify with approximately 1,600 additional employers enrolling every week.

Both Congress and the executive branch have recognized the need for improved collaboration across the federal government. In addition, in our past work, we have concluded that collaboration is critical for achieving meaningful results in efforts involving multiple federal agencies.²⁵ Following key practices for effective collaboration can help agencies address a range of challenges, such as information sharing and communication. One of these key practices is directly relevant to SSA's efforts to collaborate with DHS: establishing compatible policies, procedures, and other means to enhance information sharing and communication across agency boundaries. We previously identified tools that can facilitate such collaboration between agencies, such as shared databases and web portals. Establishing a negotiated data-sharing

²³See GAO, *Social Security Numbers: Coordinated Approach to SSN Data Could Help Reduce Unauthorized Work*, [GAO-06-458T](#) (Washington, D.C.: Feb. 16, 2006).

²⁴Social Security Administration, Office of the Inspector General, *Social Security Number Misuse in the Service, Restaurant, and Agriculture Industries*, A-08-05-25023; and *Employers Who Report Wages with Significant Errors in the Employee Name and Social Security Number*.

²⁵See GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

arrangement could be beneficial for effective collaboration between SSA and DHS.

As previously mentioned, a component of DHS's work-site enforcement strategy includes focusing on employers who knowingly hire unauthorized workers. Our analysis provides important newly identified summary information on employers that file high numbers of inaccurate wage reports with valid and assigned SSNs that appear to be misused. Such information could be used by DHS to target unauthorized employment in support of its work-site enforcement efforts. In addition to providing specific data in response to requests from law enforcement for particular investigations, routine data-sharing capabilities that include employers who have high incidences of inaccurate wage reports may augment DHS's existing work-site enforcement strategies by identifying potential unauthorized employment.

Conclusions

Wages reported by employers in the NDNH for SSI recipients can be used to identify recipient employment activity as well as the possible misuse of SSNs. Our analysis shows that reviewing these discrepancies between income reported by SSI recipients and income reported by employers at a summary level can provide important information on certain employers that have a high incidence of reporting inaccurate wages for SSI recipients, indicating possible SSN misuse. This employer-level information could be useful to DHS as part of its work-site enforcement strategy, which includes focusing on employers who knowingly hire unauthorized workers. However, due to privacy and disclosure laws, SSA is limited in its ability to share this employer-level information with DHS. This leaves the federal government unable to "connect the dots" using data it already has at its disposal. Hence, additional actions could facilitate the sharing of this information. Obtaining legislative authority to enable the sharing of information regarding potential unauthorized employment, including about employers who file high numbers of wage statements with potentially misused SSNs, could enhance SSA's ability to address SSN misuse and help DHS better target its work-site enforcement efforts.

Recommendation for Executive Action

To help strengthen SSA's efforts to monitor the SSI program, and pay accurate SSI benefits, as well as to enhance DHS's investigative efforts on behalf of its work-site enforcement strategy, we recommend that the Acting Commissioner of Social Security work with the Secretary of Homeland Security to identify the specific data useful to DHS's work-site enforcement strategy, including the new summary information that we identified on employers who file high numbers of wage reports with

potentially misused SSNs, along with the corresponding privacy and disclosure restrictions, and seek legislative authority to allow the Secretary to obtain such information, as appropriate.

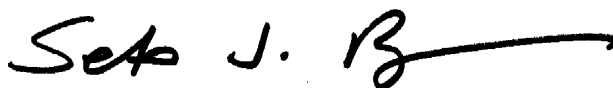
Agency Comments and Our Evaluation

We provided a draft of our report to the Secretary of Homeland Security and the Acting Commissioner of Social Security for comment. We adjusted the initial language of the recommendation based on a request from SSA officials to allow the flexibility to coordinate with DHS and identify specific data that would be useful to DHS's work-site enforcement strategy prior to seeking any new legislative authority. We received written comments from both DHS and SSA, which are reproduced in appendix II and III. SSA and DHS also provided technical comments, which we have incorporated as appropriate.

In its written comments, DHS said that it concurred with the recommendation and that HSI will work with SSA to identify information that may be useful to DHS's work-site enforcement efforts and establish a formal point of contact for doing so, although DHS did not provide a time frame for implementing the recommendation. In its written comments, SSA said it agreed with the intent of the recommendation but will not pursue any legislative authority that may be required to share data not already allowed under current law because it does not want to be a conduit for sharing data between other agencies. GAO still believes that appropriate legislative authority should be pursued as necessary to allow DHS and SSA to more-effectively share information, and better "connect the dots" with the data they already have at their disposal. Since SSI program data converges with complementary data from the Department of Health and Human Services and the Department of the Treasury, these data would be useful in supporting DHS's work-site enforcement efforts. We continue to believe action is needed in response to our recommendation because, with neither SSA nor DHS pursuing potentially needed data-access authority, the information on potential SSN misuse and on employers with a high incidence of questionable wage reporting identified by GAO will remain unutilized.

We are sending copies of this report to appropriate congressional committees, the Acting Commissioner of Social Security, the Secretary of Homeland Security, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-6722 or BagdoyanS@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

A handwritten signature in black ink, reading "Seto J. Bagdoyan". The signature is stylized, with a long horizontal line extending from the end of the name.

Seto J. Bagdoyan
Acting Director, Audits
Forensic Audits and Investigative Service

List of Requesters

The Honorable Thomas R. Carper
Chairman
The Honorable Tom Coburn, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Carl Levin
Chairman
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Claire McCaskill
Chairman
Subcommittee on Financial and Contracting Oversight
Committee on Homeland Security and Governmental Affairs
United States Senate

Appendix I: Objective, Scope, and Methodology

Both Congress and the executive branch have recognized the need for improved collaboration across the federal government. In our past work, we concluded that collaboration is critical when meaningful results that the federal government seeks to achieve required the coordinated efforts of more than one federal agency.¹ This report examines potential Supplemental Security Income (SSI) overpayments by comparing Social Security Administration (SSA) data with income reported in the National Directory of New Hires (NDNH) database and identifies indicators of possible Social Security number (SSN) misuse.

For our prior work on SSA's programs, SSA had provided us with a file containing SSI recipients as of December 2010 and the matching income information from both the quarterly wage and unemployment insurance component of the NDNH database that included fiscal year 2010.² SSA also provided us an updated extract of SSI recipients as of September 2013, which separated the state and federal portion of the SSI benefit payment. We utilized the income reported in the NDNH and the federal portion of the SSI benefit payment to determine the extent that individuals potentially received SSI overpayments in fiscal year 2010. Since the file containing SSI recipients and the corresponding NDNH data provided by SSA is the most-recent NDNH data available to us, our analysis of SSI beneficiaries with income in the NDNH is limited to fiscal year 2010.

To determine the subset of recipients who received overpayments during fiscal year 2010, we identified individuals who received SSI benefits in fiscal year 2010, and who also had records in the NDNH indicating the receipt of wages or unemployment insurance in the corresponding quarter of fiscal year 2010. For each individual, we used the monthly SSI benefit amounts in SSA's files and the amount of all income in the NDNH to determine the total amount of overpayment. Through comparison of these benefit amounts and income, we were able to identify potential SSI overpayments. Our analysis of the potential overpayments is limited to

¹See GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

²Our earlier work focused on SSA's Disability Insurance (DI) program, which is the nation's largest cash-assistance program for workers with disabilities. See GAO, *Disability Insurance: Work Activity Indicates Certain Social Security Disability Insurance Payments Were Potentially Improper*, [GAO-13-635](#) (Washington, D.C.: Aug. 15, 2013) and *Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*, [GAO-11-724](#) (Washington, D.C.: July 27, 2011).

income data from the NDNH and SSI payments from SSA. The exact number of individuals who received SSI overpayments and the exact amount of overpayments made to those individuals cannot be determined without detailed case investigations by SSA. Thus, we refer to “potential overpayments” throughout this report.

We also reviewed detailed SSI case files for a nongeneralizable selection of five individuals to illustrate potential cases of SSN misuse in overall overpayment population. We randomly selected a sample of five individuals from our population who were reported as receiving wages from four or more different states other than the state of residence that was reported on their SSA record. In order to be included in our sample, individuals had to have wages reported from four or more separate states during the same quarter. Because we selected a small number of individuals for further analysis, the results of these five cases cannot be projected to the entire population of individuals who received SSI overpayments. To develop the cases, we reviewed relevant SSA case-file documents and interviewed SSI program officials.

Of our population of SSI recipients that we identified who were reported as receiving wages from a different state than the state of residence that was reported on their SSA record during the same quarter, we analyzed the Employer Identification Number (EIN) for their employers and found nine employers who had 15 or more SSI recipients who lived out of state working for that employer in the 2nd quarter of 2010. To avoid the possibility that an employer might have locations in multiple states, we researched each of the nine EINs in LexisNexis to determine the number of states in which the employer had locations. Of the nine EINs, four were not found in LexisNexis, and four had locations in multiple states. The remaining one had locations in only one state. We selected this employer as an example of an employer who reported wages for SSI recipients in distant states during the same quarter.

To determine the reliability of the SSA disability records and NDNH data, we reviewed documentation related to these databases and interviewed officials responsible for compiling and maintaining relevant SSI and NDNH data. In addition, we performed electronic testing to determine the validity of specific data elements in the databases that we used to perform our work. We also reviewed detailed SSA case files for the nongeneralizable selection of five individuals selected for additional analysis to corroborate SSA data. On the basis of our discussions with agency officials, our review of related documentation, and our own

testing, we concluded that the data elements used for this report were sufficiently reliable for our purposes.

We conducted this performance audit from April 2013 to July 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Limitations to Using NDNH Data

The timing and nature of NDNH income data we received present limitations to the data's capacity to identify overpayments in accordance with SSA's program rules. First, the quarterly amounts on the NDNH represent 3 months of income; however, SSA calculates overpayments based on monthly earnings amounts. To facilitate our analysis, we calculated monthly income for each month in a quarter by dividing the quarterly NDNH amount by three. For example, if the NDNH reported quarterly income of \$3,000 in the first quarter of 2010, we calculated the monthly income to be \$1,000 for January, February, and March of 2010. This monthly computed income amount could differ from the actual monthly income. For instance, using the previous example, the actual monthly income in January 2010 could be \$3,000, and actual income in February or March could be \$0. In addition, because we were limited to SSI beneficiaries with income in the NDNH for fiscal year 2010, our analysis may understate the extent of individuals receiving potential overpayments due to possible SSN misuse.

SSI Overpayments

Our analysis of the NDNH match file identified individuals who received SSI payments in fiscal year 2010 and had computed monthly income that exceeded the corresponding monthly threshold for the program.³ To calculate the potential SSI overpayments for each month, we compared the income to the maximum benefit amounts as specified by SSA by subtracting the total countable income from the 2010 monthly SSI benefit rate of \$674. SSI has program rules for the exclusion of a certain amount of income in considering whether the monthly SSI benefit rate should be

³The maximum SSI monthly earnings threshold for calendar year 2010 was \$1,433.

reduced.⁴ As such, we took these exclusions into consideration to capture the amount of exclusion used and the remaining exclusion amount. Specifically, we calculated countable unearned income, countable earned income, and the total countable income. Since this population included individuals with indications of expenses incurred or income set aside that are typically excluded from countable income when calculating the SSI benefit amount,⁵ individuals with these types of expenses were also excluded from our overall population. About 0.25 percent of the SSI recipients in our population had any indication of exclusions to income present.

⁴The SSI federal monthly benefit rate for fiscal year 2010 was \$674. This standard amount is then reduced by any countable income. The reduction for unemployment and pension income, which is considered unearned income, is dollar for dollar after a \$20 general income exclusion. The reduction for quarterly wage income, which is considered earned income, is \$1 for every \$2 after an \$85 exclusion (\$20 general exclusion + \$65 earnings exclusion).

⁵SSA allows recipients to deduct out-of-pocket costs for Impairment Related Work Expenses from the amount of earnings used to figure the SSI benefit. Impairment Related Work Expenses may be nonreimbursed expenses related to the disability and needed in order to work. Earned income used to meet Blind Work Expenses is not counted in the SSI eligibility and payment amount decision. Blind Work Expenses may be expenses needed to earn income, and do not have to be related to the individual's blindness. A Plan to Achieve Self Support is an SSI provision to help individuals with disabilities return to work. Plan to Achieve Self Support lets a disabled individual set aside money and things he or she owns to pay for items or services needed to achieve a specific work goal.

Appendix II: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

June 30, 2014

Seto J. Bagdoyan
Acting Director, Forensic Audits and Investigative Service
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Draft Report GAO 14-597, "SUPPLEMENTAL SECURITY INCOME: Wages Reported for Recipients Show Indications of Possible SSN Misuse"

Dear Mr. Bagdoyan:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in conducting its review and issuing this report.

The Department is pleased to note GAO's recognition of DHS' efforts to protect our nation against unauthorized workers; in particular the U.S. Immigration and Customs Enforcement (ICE), Homeland Security Investigation's (HSI's) three-pronged approach to address work-site enforcement through:

- enforcement (criminal arrests of employers);
- compliance (employment-eligibility verification inspections, civil fines and suspension and debarment); and
- outreach (education and training).

DHS will continue to collaborate with the Social Security Administration (SSA) to determine what SSA information can be used to improve work-site enforcement, as appropriate.

The draft report contained one recommendation, with which the Department concurs. Specifically, GAO recommended that the Acting Commissioner of Social Security work with the Secretary of Homeland Security to:

Recommendation 1: Identify the specific data useful to DHS's work-site enforcement strategy, including the new summary information that we identified on employers who file high numbers of wage reports with potentially misused SSNs, along with the corresponding privacy and disclosure restrictions, and seek legislative authority to allow the Secretary to obtain such information, as appropriate.

Response: Concur. The ICE HSI, will work with the SSA to identify information, allowable for distribution under law that may be useful to DHS's worksite enforcement efforts. HSI will establish a point of contact to reach out to SSA to more formally continue the dialogue between the two agencies. Estimated Completion Date: To Be Determined.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim H. Crumpacker".

Jim H. Crumpacker, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

Appendix III: Comments from the Social Security Administration

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

Page numbers in the draft report may differ from those in this report



July 3, 2014

Mr. Seto Bagdoyan
Acting Director, Forensic Audits
and Investigative Service
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bagdoyan:

Thank you for the opportunity to review the draft report, "SUPPLEMENTAL SECURITY INCOME: Wages Reported for Recipients Show Indications of Possible SSN Misuse" (GAO-14-597). We have enclosed our response to the audit report contents.

If you have any questions, please contact me at (410) 966-9014. Your staff may contact Gary S. Hatcher, our Senior Advisor for Records Management and Audit Liaison Staff, at (410) 965-0680.

Sincerely,

A handwritten signature in blue ink, reading "Katherine Thornton", is placed above the typed name.

Katherine Thornton
Deputy Chief of Staff

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE DRAFT REPORT, "SUPPLEMENTAL SECURITY INCOME: WAGES REPORTED FOR RECIPIENTS SHOW INDICATIONS OF POSSIBLE SSN MISUSE" GAO-14-597

General Comments

We take seriously our responsibility to protect the integrity of the Social Security number (SSN). We are pleased the report confirms that our field employees take this responsibility seriously, as they took appropriate action to disclaim wages and even referred cases of concern to our Office of the Inspector General's Office of Investigations.

We believe the statement on GAO's highlight page (second sentence), "Using a different methodology that includes additional causes of overpayments not considered in GAO's analysis, SSA estimated it made \$3.3 billion in SSI overpayments in fiscal year 2010." is misleading to the reader and adds no value to what GAO found based on GAO's methodology. Additionally, GAO makes no reference to the source of the estimates GAO states SSA estimated. Therefore, we suggest GAO remove this sentence from the report.

See Comment 1

Potential SSN Misuse

GAO assumes, based on the results of its limited, non-generalizable sample, that receiving earnings outside a worker's state of residence or from multiple employers is an indication of SSN misuse. GAO acknowledges, but then seems to dismiss, that there may be valid reasons for these earnings. It is not only workers residing near state borders, or workers for companies with multiple locations, who are likely to have earnings reported in other States. Individuals who work for large corporations that contract with out-of-state payroll providers may have earnings reported from another State. For example, we pay our employees who work in Baltimore, Maryland through the Department of the Interior, located in Denver, Colorado, rather than by a Maryland office of the Social Security Administration. Additionally, it is common for individuals to have multiple earnings reports. In fact, each year we process multiple earnings reports for tens of millions of individuals. In short, without a more thorough analysis, or even a more detailed description of the methodology from which to replicate GAO's review, we cannot determine the validity of GAO's conclusion that such earnings indicate potential SSN misuse is valid.

See Comment 2

Unauthorized Employment

Based on previous unrelated audits rather than any analysis of the cases reviewed, GAO assumes that instances of "potential SSN misuse" are the result of work performed by noncitizens without work authorization. GAO does not consider any alternatives, such as identity theft perpetrated by family members with access to the worker's personally identifiable information. We cannot, based on the limitations of GAO's methodology, draw the same conclusion that "potential SSN misuse" directly correlates to unauthorized work.

See Comment 3

See Comment 4

See Comment 5

Potential Improper Payments in the Supplemental Security Income (SSI) Program

In general, GAO should clarify the confusing description of the matched Supplemental Security Record and National Directory of New Hires (NDNH) data. For example, the report notes that GAO received a file of December 2010 SSI recipients and “matching” income information from the NDNH, which would seem to indicate that GAO used income from the 4th quarter of 2010. However, the report refers to all of fiscal year 2010 as the analysis period, and states that “...individuals appeared to receive income in *fiscal year 2010* above the maximum SSI program threshold—\$1,433 per month—while also receiving SSI payments” [italics added].

In addition, the limitations of its methodology for comparing SSI payments to NDNH data call into question GAO’s estimate that we made \$19 million in potential SSI overpayments. Income determinations under the SSI program can be complex, and GAO’s abridged income calculations do not account for these complexities. For example, GAO’s methodology does not account for:

- Periods of SSI ineligibility,
- Retrospective Monthly Accounting,
- Other income exclusions (e.g. Student Earned Income Exclusions); or
- Delays in applying work incentives or reporting employment or income to SSA.

Recommendation

To help strengthen SSA’s efforts to monitor the SSI program, and pay accurate SSI benefits, as well as to enhance DHS’s investigative efforts on behalf of its work-site enforcement strategy, we recommend that the Acting Commissioner of Social Security work with the Secretary of Homeland Security to identify the specific data useful to DHS’s work-site enforcement strategy, including the new summary information that we identified on employers who file high numbers of wage reports with potentially misused SSNs, along with the corresponding privacy and disclosure restrictions, and seek legislative authority to allow the Secretary to obtain such information, as appropriate.

Response

We agree with the intent of the recommendation: that enhanced work-site enforcement tools would be helpful to the Department of Homeland Security (DHS). Such enforcement tools would deter potential SSN misuse, stop businesses from knowingly hiring undocumented workers, and provide DHS with point-of-hire employment data that includes information about new hires and their employers. We remain committed to continuing our long-standing, close working relationship with DHS, including support of the E-Verify program and DHS’s efforts to expand its usefulness as a key enforcement tool against unauthorized employment. As part of our ongoing inter-agency working discussions to improve E-Verify, we will reach out to DHS to determine whether there is information in our records and under our control that DHS would need to target its work-site enforcement efforts. However, as discussed in detail below, we will not seek legislative authority to share data in our records that is not ours to share; as such sharing may not improve our payment accuracy.

In its recommendation, GAO proposes that sharing information with DHS to enhance its

work-site enforcement strategy would also help us monitor and improve the accuracy of SSI payments. Given our concerns with GAO's methodology, we do not believe the evidence supports the conclusion that sharing data with DHS would improve SSI payment accuracy. As GAO notes in its report, the results of its five-case sample are not generalizable, and there are many reasons why an individual may have work reported by multiple employers in multiple states.

In addition, the data that GAO suggests we share with DHS is not ours to share. The NDNH database belongs to the Department of Health and Human Services (HHS). Earnings information in our records and in the NDNH, such as Employer Identification Numbers, are considered tax information and are subject to rigid protection against disclosure under the Internal Revenue Code. Pursuant to statute, we are authorized to access and use this data for our own program purposes. However, given that we do not believe sharing this data with DHS will enhance our payment accuracy, we see no reason to seek legislative authority to act as a conduit for information between DHS and agencies that may maintain data of use to DHS in its work-site enforcement efforts. Accordingly, we defer to DHS to work directly with agencies, such as HHS and the Department of Treasury, to obtain access, if appropriate, to the information under those agencies' control.

Technical Comments

See Comment 6

Page 4, footnote 3

Comment: Footnote 3 should read "42 U.S.C. §§ 1381 et seq."

Page 6, *Background*, first paragraph, last sentence

See Comment 7

We suggest adding a footnote for the statement, "SSI generally reduces the monthly benefit by \$1 for every \$2 of monthly earnings after the first \$85." Our suggested footnote language is, "The first \$65 (up to a maximum of \$85 if the individual has no income other than earnings) of any monthly earned income plus one-half of remaining earnings are excluded for SSI benefit computation purposes."

GAO Comments

The following are GAO's comments on the Social Security Administration's (SSA) letter dated July 3, 2014.

1. In the report, we added a reference to SSA's Fiscal Year 2011 Performance and Accountability Report as the source of the estimate. Including SSA's own estimate of Supplemental Security Income (SSI) overpayments shows that overpayments are a recognized issue with the program.
2. As mentioned in the report, we recognize that it is possible for individuals that live near a state border to work in the neighboring state or for individuals to change their employer within a 3-month quarter for which wages are reported. However, without a detailed case-file review that includes contacting the recipient to determine if reported wages should be disclaimed, it is impossible to determine whether the wages reported by employers in other states that are many miles away are attributable to a single SSI recipient or to other individuals misusing the recipient's Social Security number (SSN). According to the Bureau of Labor Statistics, workers are reported in the state of the physical location of their job. Our report describes a case where an SSI recipient that lives in California had wages reported by 11 different employers in seven different states, none of which bordered California, for the same 3-month period. We believe this is an indication of potential SSN misuse.
3. As mentioned in our report, the Department of Homeland Security (DHS) stated that the data on possible SSN misuse we identified may add to the depth of DHS investigations by identifying indicators of potentially egregious employers who knowingly hire unauthorized workers.
4. We revised the report to clarify GAO had National Directory of New Hires (NDNH) data that included fiscal year 2010.
5. As mentioned in the report, we state that the exact number of individuals who received SSI overpayments and the exact amount of overpayments made to those individuals cannot be determined without detailed case investigations by SSA. Thus, we refer to "potential overpayments" throughout this report. In addition, the report states that approximately 70 percent of the total overpayment amount showed indications of possible SSN misuse, such as individuals with wages reported from employers in multiple states during the same quarter, so we were unable to determine whether the recipients

actually received SSI overpayments. Additional limitations to our methodology are described in detail in appendix I.

6. We revised the footnote to address SSA's specific comment.
7. We added the footnote to address SSA's specific comment.

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