United States Government Accountability Office

Testimony
Before the Committee on Finance, U.S. Senate

SSA DISABILITY PROGRAMS

Work Incentive and Modernization Challenges Remain

Accessible Version

Statement of Erin M. Godtland, Assistant Director
Education, Workforce, and Income Security

For Release on Delivery Expected at 10:00 a.m. ET
Tuesday, June 18, 2024

GAO-24-107614

GAO Highlights

View GAO-24-107614. For more information, contact Elizabeth Curda at (202) 512-7215 or curdae@gao.gov.
Highlights of GAO-24-107614, a testimony to the Committee on Finance, U.S. Senate

June 18, 2024

SSA DISABILITY PROGRAMS

Work Incentive and Modernization Challenges Remain

Why GAO Did This Study

In 2022, over 11 million working-age adults received approximately $170 billion in disability benefits from SSA's DI and SSI programs—two of the largest federal disability programs. DI provides benefits to individuals with disabilities who have a qualifying work history whereas SSI gives benefits to those with disabilities who have low income and limited resources. SSA has undertaken several efforts to encourage employment for individuals who receive disability benefits and want to work.

This testimony describes: (1) the incentive structure SSA beneficiaries face in returning to work, and (2) SSA's challenges in overcoming work disincentives and modernizing its disability programs. This statement is based on reports GAO issued from 2008 to 2024, relevant SSA and Inspector General reports, and academic research. GAO also conducted follow-up work on implementation of its prior recommendations.

What GAO Recommends

SSA needs to fully implement GAO's three recommendations to address overpayments. Implementation of the priority recommendation to strengthen internal controls related to the concurrent receipt of DI and FECA benefits is particularly important to reducing overpayments.

What GAO Found

Previous GAO reports have consistently found three key disincentives to work faced by Social Security Administration (SSA) Disability Insurance (DI) and Supplemental Security Income (SSI) beneficiaries: (1) loss of cash and medical benefits, (2) overpayments, and (3) complexity of rules surrounding work.

- **Loss of cash and medical benefits.** When disability beneficiaries return to work and earn income, they must report these earnings to SSA so that their benefits can be adjusted. As detailed in prior GAO reports, disability beneficiaries who earn over a certain income threshold may be at risk of eventually losing their cash and medical benefits. This risk triggers fear among beneficiaries that they will lose these benefits—a key impediment to incentivizing increased work.

- **Overpayments.** Another disincentive to returning to work is the potential for benefit overpayment, which can result in beneficiaries incurring debt to SSA. Overpayments can occur when beneficiaries fail to report earnings or SSA delays processing changes in earnings, and beneficiaries continue to receive benefits. A 2019 SSA publication estimated that 70 to 80 percent of DI beneficiaries with earnings sufficient to affect their benefits received overpayments. These overpayments can amount to thousands of dollars—a hardship for many.
- **Complexity of rules surrounding work.** GAO reported in 2021 that an expert panel convened by SSA found that the complexity of work rules constituted a barrier to returning to work for beneficiaries and an administrative challenge.

SSA has been attempting to address work disincentives, but these efforts have yielded limited results. For example, SSA has undertaken numerous research efforts—known as demonstrations—to test changes to its disability programs that could encourage disabled beneficiaries to work. However, academic research determined that 11 of these demonstrations resulted in little savings and almost no beneficiaries exiting the DI program.

SSA is taking steps to prevent overpayments. In its most recent annual performance report, SSA outlines its plans to automatically collect wage information from payroll data providers and to modernize its debt management system. GAO has also made several recommendations to address overpayments. Three of these are not yet implemented, including a 2015 priority recommendation to strengthen internal controls to prevent DI overpayments due to concurrent receipt of Federal Employees' Compensation Act (FECA) benefits.

GAO has previously reported that SSA has struggled to address challenges and modernize its disability programs. Accordingly, SSA's disability programs have been on the GAO High Risk List since 2003. Among the additional challenges are improving disability claims processing, retaining experienced staff, and updating occupational data to evaluate the capacity for work.

Chairman Wyden, Ranking Member Crapo, and Members of the Committee:

I am pleased to be here today to discuss work incentives and challenges in Social Security Administration's (SSA) disability programs.

In 2022, over 11 million working-age adults received approximately $170 billion in disability benefits from SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs—two of the largest federal disability programs. Although the DI and SSI programs use the same definition of disability for eligibility purposes, they serve different populations. DI provides benefits to individuals with disabilities who have a qualifying work history. In contrast, SSI provides benefits to individuals with disabilities, the blind, and the aged, who have low income and limited resources, and does not require a work history. SSA has undertaken several efforts to encourage employment for individuals who receive disability benefits and want to work.

This testimony describes: (1) the incentive structure SSA beneficiaries face in returning to work, and (2) SSA's challenges in overcoming work disincentives and modernizing its disability programs. My testimony is based primarily on reports we issued from 2008 to 2024.[1] We also

[1]This statement is also based on updates to actions SSA has taken to address past GAO recommendations we obtained in March 2024 and from reviewing SSA reports and guidance. Prior GAO reports include GAO, *Social Security Disability: Management Controls Needed to Strengthen Demonstration Projects*, GAO-08-1053 (Washington, D.C.: Sept. 26, 2008); GAO, *Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation*, GAO-15-531 (Washington, D.C.: July 8, 2015); GAO, *Disability Insurance: SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud*, GAO-16-331 (Washington, D.C.: Apr. 13, 2016); GAO, *Payment Integrity: Selected Agencies Should Improve Efforts to Evaluate Effectiveness of Corrective Actions to Reduce Improper Payments,* GAO-20-336 (Washington, D.C.: Apr. 1, 2020); GAO, *Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs*, GAO-22-104031 (Washington, D.C.: Oct. 28, 2021); GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to be Maintained and Expanded to Fully Address All Areas*, GAO-23-106203 (Washington, D.C.: Apr. 20, 2023); and GAO, *Priority Open Recommendations: Social Security Administration*, GAO-24-107312 (Washington, D.C.: May 28, 2024).

reviewed applicable SSA and academic reports and SSA updates on implementation of our prior relevant recommendations.

We used multiple methodologies to conduct the work for our prior reports. We previously analyzed SSA data; reviewed relevant federal laws, regulations, and guidance; reviewed key agency documents, such as SSA's strategic plan and annual performance reports; reviewed academic literature and relevant government reports; and interviewed SSA officials.[2] Our analysis of SSA's Ticket to Work and Self-Sufficiency program (Ticket to Work or Ticket)—a voluntary program established to assist individuals with disabilities to obtain and retain employment, and reduce their dependency on benefits[3]—compares outcomes for Ticket participants to a statistically matched group of similar nonparticipants.[4]

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

Background

SSA Disability Programs

To become eligible for DI or SSI benefits, an individual generally must have a medically determined physical or mental impairment that (1) has lasted or is expected to last at least 1 year or result in death, and (2)

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

[3]See Pub. L. No. 106-170, § 2(b)(4), 113 Stat. 1860, 1863.

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

prevents the individual from engaging in substantial gainful activity (SGA).[5] For 2024, SSA defined SGA as earning above $1,550 per month for nonblind individuals.

Work affects benefits differently in the DI and SSI programs. DI beneficiaries are allowed a 9-month trial work period during which their benefits continue regardless of how much they earn.[6] They then move into a 36-month re-entitlement period (extended period of eligibility) in which their monthly benefit is suspended except in months in which earnings are less than SGA.[7] Recipients whose earnings are above SGA after they complete the 36-month period stop receiving benefits and are removed from the disability rolls. DI beneficiaries' Medicare coverage generally continues for at least 7 years and 9 months after the trial work period ends.

In contrast, SSI benefits are generally reduced by $1 for every $2 of earned income exceeding $65 per month until benefits reach zero (referred to as a $1 for $2 benefit offset).[8,9] If SSI beneficiaries receive no benefits for 12 consecutive months due to earned income, they are regarded as removed from the rolls.[10] Medicaid can continue if they continue to satisfy SSI asset limits, among other conditions, and need the coverage to work.

If a beneficiary loses DI or SSI eligibility due to work earnings, SSA may restart benefits without a new application under expedited reinstatement

---

[5]Individuals under age 18 may qualify for SSI but have distinct eligibility requirements from adults. To be considered disabled, individuals under age 18 must have a medically determinable physical or mental impairment that causes marked and severe functional limitations and that has lasted or is expected to last for a continuous period of at least 1 year or result in death. 42 U.S.C. § 1382c(a).

[6]See 20 C.F.R. § 404.1592. The trial work period is reached when a beneficiary accumulates 9 months of earnings of at least the trial work level amount in a 60-month period. The 9 months do not have to be continuous. In 2021, the trial work level amount was $940 per month.

[7]20 C.F.R. § 404.1592a. During the re-entitlement period, SSA pays benefits for the first month of SGA and the 2 following months.

[8]See 20 C.F.R. § 416.1112(c)(5) and (7).

[9]In addition, an individual's or married couple's countable income must be less than the federal SSI benefit rate of $943 for an individual and $1,415 for a married couple in 2024. Further, countable resources (such as financial institution accounts) must be $2,000 or less for individuals and $3,000 or less for married couples.

[10]20 C.F.R. § 416.1335.

within 5 years of benefit loss. This provision allows individuals to receive up to 6 months of provisional benefits while SSA conducts a medical review.

When disability beneficiaries return to work and earn income, they must report these earnings to SSA. Benefit overpayments can occur when beneficiaries do not report their earnings or when SSA does not take timely action to adjust benefits based on reported earnings. If SSA determines an overpayment occurred, it requests repayment or withholds the overpayment from the beneficiary's monthly benefits. SSA also notifies the overpaid person that they may request reconsideration, a waiver, or both.

Return to Work Efforts

Under federal law, SSA has the authority to conduct research efforts—known as demonstrations—to test the effectiveness of possible changes to its DI and SSI programs that could decrease individuals' dependence on benefits or improve program administration. In conducting these demonstrations, SSA has been authorized to waive certain program rules. The law also requires that DI demonstrations be of sufficient scope and conducted on a wide enough scale to permit a thorough evaluation of the program or policy change under consideration.

Ticket to Work, a voluntary program to assist individuals with disabilities to obtain and retain employment and reduce dependence on benefits, was established in 1999. Through Ticket, SSA offers beneficiaries a "ticket" that they may assign to service providers who, in turn, provide employment services such as vocational rehabilitation and job placement. SSA compensates the service providers—private employment networks or state vocational rehabilitation agencies (VR)—when participants achieve designated levels of work and earnings.

Disability Beneficiaries Face Disincentives to Work

In addition to their disabling condition, disability beneficiaries face many other obstacles to working. These include the lack of accessible workplaces, lack of job opportunities, and stereotypes about what individuals with disabilities can achieve.[11]

We previously reported that the structure of disability benefits and related work incentives may also contribute to disability beneficiaries' reluctance to work.[12] In our interviews with disability policy experts and program officials, as well as in our analysis of prior GAO and SSA reports, we consistently found three key disincentives to work: (1) loss of cash and medical benefits, (2) overpayments, and (3) complexity of rules surrounding work.

Loss of Cash and Medical Benefits

In our 2021 report on Ticket to Work, we reported that, based on interviews with experts and SSA officials and literature we reviewed, a key disincentive to working for SSA disability beneficiaries is the possibility of losing cash and medical benefits.[13] Specifically, DI beneficiaries earning above SGA in a given month lose all of their cash benefits (known as the earnings "cash cliff"). SSI beneficiaries' benefits are generally reduced $1 for every $2 of monthly earnings greater than $65 up to the income limit described above. The Social Security Advisory Board stated in its 2017 report that both DI and SSI programs effectively impose a high "tax" on work—100 percent and 50 percent, respectively—exceeding those of other federal assistance programs.[14]

Further, we previously reported that, according to experts and academic research, disability beneficiaries who work may lose their medical benefits. In our 2021 report on Ticket, we reported that the fear of losing Medicare or Medicaid coverage can be an impediment to increased work for some beneficiaries. This can be especially true for those whose disabilities can periodically worsen or who require supports for daily living activities. We reported that in 2015, 42 percent of recently-employed beneficiaries who reported working fewer hours or earning less than they

[11]About a quarter of disability beneficiaries surveyed in 2015 cited inaccessible workplaces as an additional reason for not working. Social Security Administration, *National Beneficiary Survey: Disability Statistics, 2015* (Washington, D.C.: March 2018).

[12]GAO-22-104031.

[13]GAO-22-104031.

[14]Social Security Advisory Board, *Statement on the Supplemental Security Income Program: Work Incentives and Work Supports in the SSI Program* (July 2017).

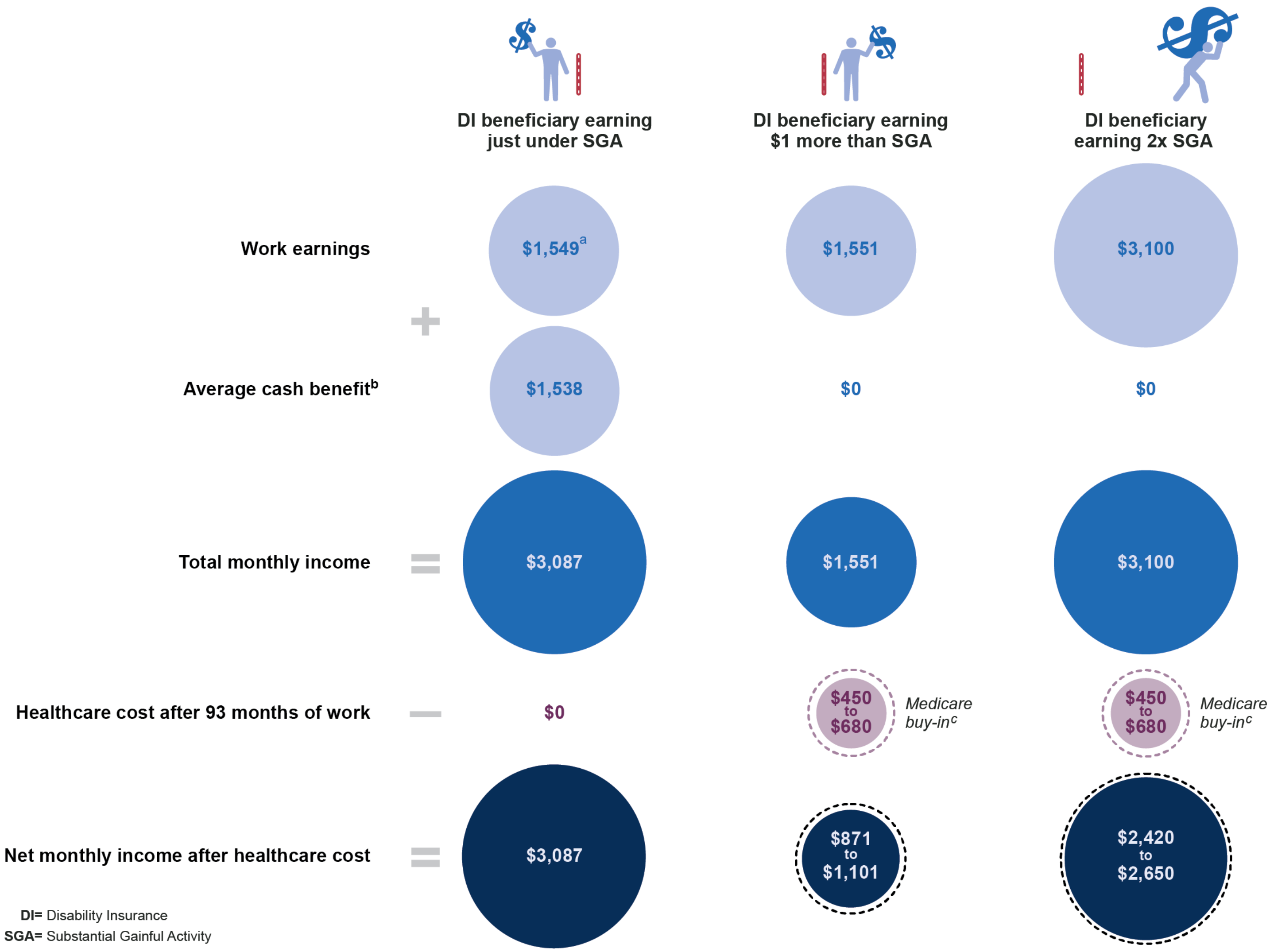
were able to said they did this because they wanted to keep Medicare or Medicaid coverage—the most commonly cited reason among surveyed beneficiaries.[15] In addition, we reported that an expert panel convened by SSA in 2019 stated that the fear of losing medical benefits poses a strong disincentive to earning above SGA.[16] VR officials we spoke with also described beneficiaries' fear of losing medical benefits as a disincentive to working.

Taken together, some beneficiaries might conclude that the financial upside of working is not worth the risk of losing—and the cost of replacing—financial and medical benefits. See figure 1 for a hypothetical example of how keeping earnings below SGA compares favorably to earning twice as much as SGA.

[15]Social Security Administration, *National Beneficiary Survey, 2015*.

[16]Abt Associates, *Post-Entitlement Earnings Simplification Demonstration Technical Experts Panel Meeting Final Report* (Rockville, MD: 2019).

Figure 1: Example of How Staying under SGA Leads to More Total Income for a DI Beneficiary than Earning above SGA



Source: GAO scenario based on Social Security Administration and Centers for Medicare & Medicaid Services information; GAO (icons). | GAO-24-107614

Accessible Data for Figure 1: Example of How Staying under SGA Leads to More Total Income for a DI Beneficiary than Earning above SGA

	Disability Insurance beneficiary earning just under Substantial Gainful Activity	Disability Insurance beneficiary earning $1 more than Substantial Gainful Activity	Disability Insurance beneficiary earning 2x Substantial Gainful Activity
Work earnings	$1,549	$1,551	$3,100
Average case benefit	$1,538	$0	$0

	Disability Insurance beneficiary earning just under Substantial Gainful Activity	Disability Insurance beneficiary earning $1 more than Substantial Gainful Activity	Disability Insurance beneficiary earning 2x Substantial Gainful Activity
Total monthly income	$3,087	$1,551	$3,100
Health cost after 93 months of work	$0	$450 to $680	$450 to $680
Net monthly income after health care cost	$3,087	$871 to $1,101	$2,420 to $2,650

Source: GAO scenario based on Social Security Administration and Centers for Medicare & Medicaid Services information; GAO (icons). | GAO-24-107614

[a]Under thresholds set annually by SSA, individuals are considered engaged in SGA if they had earnings in 2024 above $1,550 per month for nonblind beneficiaries and $2,590 per month for blind beneficiaries.

[b]As of April 2024, the average cash benefit for DI participants was $1,538.

[c]We assume healthcare costs consist of the Medicare premium buy-in for hospital insurance (Part A) and medical insurance (Part B). The cost of this premium varies according to individuals' work history and income (see https://www.medicare.gov/basics/costs/medicare-costs), and thus we used a range of approximate costs. In addition to monthly premiums, there is also a hospitalization deductible of $1,632 per benefit period and coinsurance costs for long hospital stays, as well as a deductible of $240 and 20 percent co-pay for most medical services.

Overpayments

As we reported in 2021 on Ticket, another key disincentive identified by experts and SSA officials to returning to work is the potential for benefit overpayment, which often results in beneficiaries incurring debt to SSA. Overpayments can occur when beneficiaries fail to report earnings or SSA delays the processing of reported earnings. Overpayments in disability benefits can result in SSA sending demands for repayment to beneficiaries. We reported that one VR official we spoke with shared the example of a client who had a good initial experience with a service provider and was placed in a paying job, only to be sent a $28,000 repayment notice from SSA due to earnings above SGA.

We also reported that research based on SSA's internal data has estimated that between 70 and 80 percent of DI beneficiaries with earnings sufficient to affect their benefits receive overpayments which often accumulate to thousands of dollars—a significant hardship for individuals with limited income to repay. Specifically, in 2019, an SSA research publication found that of individuals who had at least 1 month of benefit suspension due to work from 2010 to 2012, 71 percent were overpaid. It found that overpayments lasted for a median of 9 months and accrued a median amount of $9,282.[17]

In our 2021 report on Ticket, we estimated that, in 2002 through 2015, Ticket participants were twice as likely to receive overpayments than similar nonparticipants were. This is because Ticket participants are more likely to earn above the SGA limit than nonparticipants.[18] Based on our analysis of SSA data, among Ticket participants who began the program from 2002 through 2010 and worked enough to temporarily or permanently leave the rolls over a 5-year period after starting the program, we estimated that approximately 96 percent received an overpayment of disability benefits. According to experts and SSA officials we interviewed, the fear of an overpayment is a disincentive to participating in Ticket and an ongoing issue for participants.

Our prior work also found that, in addition to the burden on beneficiaries, overpayments impose a toll on taxpayers. According to SSA's OIG, overpayments attributed to disabled beneficiaries engaging in SGA have been a leading cause of DI improper payments, amounting to $755 million in fiscal year 2021.[19] For SSI, SSA reported that in fiscal year 2021 it made $4 billion in estimated overpayments, of which a substantial portion involved wage discrepancies due to beneficiaries failing to report a change in wages or SSA not making changes in a timely manner.[20] Furthermore, SSA incurs administrative expenses to recover

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

[18]Specifically, an estimated 2.7 percent of all Ticket participants received overpayments 5 years after receiving services compared with 1.2 percent of all similar nonparticipants. Our estimates of overpayments were derived from historical SSA benefit data that were not designed to track overpayments to beneficiaries. Nonetheless, they are the best available data on the population of Ticket participants and provide a reasonable indicator of the extent to which overpayments occur among them. For the purposes of this analysis, we defined an overpayment as a circumstance in which an individual received a benefit payment when they were not entitled to receive benefits. We did not assess whether individuals were entitled to a benefit or how much they were entitled to; rather, we relied on SSA data regarding benefits paid and benefits due.

[19]Social Security Administration, Office of the Inspector General, *Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022*, Audit Report No. A-15-22-51183 (May 2023).

[20]SSA estimates that for the period covering fiscal years 2017 through 2021, it made on average $1.2 billion in improper payments annually due to wage discrepancies.

overpayments, some of which are never recovered. In each fiscal year from 2018 to 2022, SSA collected an average of 18.5 percent of debts owed to it annually across its programs.[21] To recover these debts, SSA spent an estimated 6 to 7 cents per dollar recovered.

Complexity of Rules

Our 2021 study on Ticket discussed how the complexity of the work incentives may also be a barrier to returning to work. An expert panel convened by SSA in 2019 found that the complexity of work rules constituted a barrier to returning to work for beneficiaries and an administrative challenge to SSA.[22] SSA's guide to work incentives for DI and SSI beneficiaries is about 60 pages. As we reported, according to experts we interviewed, these work incentives are complex, and beneficiaries can get different answers depending on whom they talk to. For example, one disability advocate said that the work incentives are so numerous and complex that even within SSA only a small number of specialists understand them. In our 2021 report on Ticket, a VR official said many of those tasked with administering the program struggle to accurately and persuasively communicate the program's benefits to beneficiaries.

SSA Has Made Progress but Still Faces Challenges Addressing Disincentives and Modernizing Its Disability Programs

Addressing Work Disincentives through Demonstration Projects

SSA has taken steps to address work disincentives, but these efforts have yielded limited results and have encountered challenges, according to SSA reports and academic research. Specifically, SSA has undertaken numerous demonstration projects to test changes to the DI and SSI programs that may encourage disabled beneficiaries to work and reduce their reliance on SSA benefits. However, according to SSA's most recent

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

[22]Abt Associates, *Post-Entitlement Earnings Simplification Demonstration Final Report*.

annual report on demonstration projects and researchers, some participants in these programs had difficulty understanding the rules around work incentives.[23] For example, program participants in one SSA demonstration, which aimed to simplify work incentives, had difficulty understanding how earnings affect benefits under the demonstration and current DI rules.

Evaluations of another demonstration found similar results. Specifically, the evaluators' findings indicated that the outreach and information provided to the treatment and control groups were not sufficient for them to understand the new earnings rules.[24] In a 2021 SSA-commissioned volume synthesizing lessons from the demonstrations, researchers indicated that without an understanding of program rules and the changes these demonstrations offer, beneficiaries will have difficulty taking advantage of them.[25]

Researchers and the SSA OIG have noted the limited results of the demonstrations in reducing DI expenditures and changing policy. In 2021, researchers reviewed 11 demonstrations and found that there were "essentially never increases in [program] exits" and "rarely reductions in [DI] expenditures."[26] In addition, in 2021, SSA's OIG reported on six demonstrations. As of 2021, the six demonstrations had cost over $300 million and none had identified potential savings or resulted in a direct change in legislation or policy.[27] However, the OIG noted that SSA had

[23]Social Security Administration, *2022 Annual Report on Section 234 Demonstration Projects* (Sept. 2022).

[24]Michelle Wood and Debra Goetz Engler. 2021. "Lessons from Implementation." In Lessons from SSA Demonstrations for Disability Policy and Future Research, edited by Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler, 361–414. Rockville, MD: Abt Press.

[25]Wood et al. and Calvin Johnson. 2021. "Comment" (on Chapter 9: "Lessons from Implementation"). In Lessons from SSA Demonstrations for Disability Policy and Future Research, edited by Nichols, Austin, Jeffrey Hemmeter, and Debra Goetz Engler, 407–413. Rockville, MD: Abt Press.

[26]Jesse Gregory and Robert A. Moffitt. 2021. "The Return to Work in Disability Programs: What Has Been Learned and Next Steps." In *Lessons from SSA Demonstrations for Disability Policy and Future Research*, edited by Austin Nichols, Jeffrey Hemmeter, and Debra Goetz Engler, 135–186. Rockville, MD: Abt Press.

[27]SSA Office of the Inspector General, *The Social Security Administration's Demonstration Projects,* Audit Report No. A-04-19-50881 (June 2021).

used the results to influence the development of legislative proposals in its fiscal year 2021 congressional budget justification.

Preventing Overpayments

SSA has recognized the importance of improving payment accuracy and preventing overpayments. In its annual performance report for fiscal years 2023 to 2025, SSA designated improving program integrity as a focus area and planned to address the root causes of improper payments by modernizing its debt management system and improving wage reporting.[28] Specifically, the report outlines the agency's plans to automate information on wages received from payroll data providers in fiscal years 2024 and 2025, and to modernize its debt management system in fiscal year 2025. Such efforts could help the agency meet its performance targets on reducing overpayments.

SSA has also faced longstanding challenges preventing overpayments, and we have made several recommendations related to this issue. SSA has fully implemented several recommendations. For example, in April 2020, we recommended that SSA develop and implement a process to measure the effectiveness of its corrective actions for improper payments in DI and SSI.[29] The agency agreed and has adopted a process that includes establishing benchmarks and analyzing data to evaluate the effectiveness of its corrective actions.

SSA has not fully implemented three recommendations related to overpayments. For example, one unimplemented recommendation focuses on preventing overpayments to individuals receiving concurrent federal workers' compensation benefits. This has been highlighted as a priority recommendation in the Controller General's letters to the SSA Commissioner for several years.[30] Specifically, in 2015, we recommended that SSA strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of Federal Employees'

---

[28]Social Security Administration, *Social Security Administration: Annual Performance Plan for Fiscal Year 2025, Revised Performance Plan for Fiscal Year 2024, Annual Performance Report for Fiscal Year 2023*, Publication No. 22-107 (Baltimore, MD: March 11, 2024).

[29]GAO-20-336.

[30]GAO, *Priority Open Recommendations: Social Security Administration*, GAO-24-107312 (Washington, D.C.: May 28, 2024).

Compensation Act (FECA) benefits.[31] As of March 2024, SSA reported it is working towards an agreement with the Department of Labor to use FECA benefit data to improve efficiencies in its ability to offset or reduce DI benefits when an individual is concurrently receiving FECA benefits. SSA estimates that the benefits of using these data will outweigh costs five to one. SSA needs to fully implement this priority recommendation by completing these plans, which could help improve the financial status of the DI program and reduce overpayments to beneficiaries who may have difficulty repaying these debts. SSA has not fully implemented two other recommendations we have made related to overpayments. See appendix I for a list of unimplemented recommendations to SSA related to overpayments.

Management Challenges and Modernization Efforts

SSA has faced longstanding workload and other management challenges and has struggled to modernize its disability programs. For these reasons, SSA's disability programs have been on the GAO High Risk List—a list of federal programs that need attention and transformation—since 2003.[32]

As reported in our 2023 High Risk Series, SSA has recognized the need to improve its disability claim processing. In its 2023 annual performance plan, SSA included eliminating and preventing backlogs at both the initial and appeals levels of claim processing as a strategy for building a customer-focused organization. As of 2023, SSA had made efforts to increase the number of staff to process initial claims and decide appeals, but still fell short of its desired number of staff.

Our 2023 High Risk Series also discusses SSA's significant challenges hiring and retaining staff since the beginning of the COVID-19 pandemic. SSA's hiring efforts in fiscal years 2020 to 2021 increased the total number of staff processing initial claims. However, unusually high attrition led to the number of staff decreasing by about 650 during fiscal year 2022, dropping below the 2020 level. Additionally, the number of staff processing appeals dropped by about 500 from fiscal years 2020 to 2022, primarily due to attrition among legal assistants. In recent testimony before the Senate Finance committee, the SSA Commissioner stated that

[31] GAO-15-531.

[32] GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas,* GAO-23-106203 (Washington, D.C.: April 20, 2023).

the agency had 56,423 full-time permanent staff at the end of fiscal year 2022—the agency's lowest staffing level in 25 years.

SSA officials stated that competition in the labor market and the complexity of job responsibilities contribute to the agency's staffing challenges. To address these issues, SSA is working with local offices on the potential to increase pay for claims processors and other staff. It has also established initiatives—such as a national mentoring program—to improve job satisfaction, recruitment, and retention.

While SSA has reported some progress in modernizing medical eligibility criteria, it has encountered repeated delays with updating its occupation data, which SSA uses to evaluate work capacity in its decisions to award disability benefits. Specifically, according to SSA officials, the agency produced comprehensive updates of medical criteria for 11 of the 14 body systems since 2011, and rulemaking efforts were underway for the remaining systems as of 2023. Historically, in adjudicating disability claims, SSA has relied on a publication called the Dictionary of Occupational Titles (DOT) for information about occupational requirements. The DOT has not been updated since 1991.

In July 2012, SSA entered into an interagency agreement with the Bureau of Labor Statistics (BLS) to obtain new occupational data which were intended to replace the DOT. In March 2018, we testified that SSA had expected to have new occupation data in place by 2020.[33] While SSA has continued to work with BLS to collect these occupation data, it still uses the DOT in disability decisions, despite spending hundreds of millions of dollars on this effort since 2012. In its fiscal year 2025 budget justification, SSA stated that full completion of activities to use updated occupational criteria is a multi-year effort and that SSA will develop specific timelines as it moves forward.

In conclusion, SSA's disability programs provide a vital safety net for millions of individuals with disabilities, but those who wish to work face numerous disincentives. SSA has taken steps to address work disincentives, manage its disability claims workloads and modernize its disability programs, but these efforts have yielded limited results.

[33]GAO, *Social Security Administration: Continuing Leadership Focus Needed to Modernize How SSA Does Business,* GAO-18-432T (Washington, D.C.: Mar. 7, 2018).

Continued efforts in these areas will benefit disability beneficiaries and American taxpayers.

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

GAO Contacts and Staff Acknowledgments

For questions about this statement, please contact Elizabeth Curda, Director, Education, Workforce, and Income Security, at (202) 512-7215 or curdae@gao.gov or Erin Godtland at (202) 512-7215 or godtlande@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this statement include Joel Green (Analyst-in-Charge), Seto Bagdoyan, Daniel Concepcion, Alex Galuten, Carl Nadler, Jessica Rider, Walter Vance, and Christopher Zbrozek. In addition, key support was provided by James Bennett, Brian Egger, Mark Glickman, Monika Gomez, Jessica Orr, and Almeta Spencer. Other staff who made contributions to the reports cited in the testimony are identified in the source products.

Appendix I: Open Recommendations to the Social Security Administration Related to Overpayments

There are three unimplemented recommendations to the Social Security Administration related to overpayments (see table 1).

Table 1: GAO Open Recommendations to the Social Security Administration (SSA) on Overpayments

GAO report	Open recommendation	Status
Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation, GAO-15-531 (Washington, D.C.: Jul. 8, 2015)	To improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of FECA benefits, the Commissioner of Social Security should strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of FECA benefits by implementing the alternative that provides the greatest net benefits.	SSA continues to negotiate the details of obtaining FECA data from the Department of Labor through a computer matching agreement and anticipates completion in fiscal year 2025. According to SSA, it plans to use FECA benefit data to improve efficiencies in its ability to offset or reduce DI benefits when an individual is concurrently receiving FECA benefits.
Disability Insurance: SSA Could Do More to Prevent Overpayments or Incorrect Waivers to Beneficiaries, GAO-16-34 (Washington, D.C.: Oct. 29, 2015)	To enhance beneficiary understanding of work reporting requirements, SSA should: (a) Clarify work reporting requirements provided to beneficiaries. (b) Explore options for increasing the frequency of reporting reminders to DI beneficiaries, similar to those currently available to SSI recipients.	SSA took some actions to address the recommendation, such as posting articles on its website and social media on work reporting requirements. However, materials to date do not fully detail work reporting requirements, and SSA does not plan to explore options for more frequent reminders to report earnings.
Social Security Disability: Ticket to Work Helped Some Participants, but Overpayments Increased Program Costs, GAO-22-104031 (Washington, D.C.: Oct. 28, 2021)	The Commissioner of Social Security should identify the root causes of overpayments to Ticket to Work participants specifically then take appropriate actions to address them.	SSA carried out its own internal study to examine the root causes of overpayments. For DI beneficiaries, it found that the root causes of overpayments among Ticket to Work participants were similar to those of non-participants. However, SSA found that SSI Ticket to Work participants had higher rates of non-work-related overpayments than non-participants. We believe these findings warrant additional action to address the root causes of overpayments among SSI Ticket to Work participants.

Source: GAO. I GAO-24-107614

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through our website. Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. You can also subscribe to GAO's email updates to receive notification of newly posted products.

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, https://www.gao.gov/ordering.htm.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on Facebook, Flickr, Twitter, and YouTube.
Subscribe to our RSS Feeds or Email Updates. Listen to our Podcasts.
Visit GAO on the web at https://www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact FraudNet:

Website: https://www.gao.gov/about/what-gao-does/fraudnet

Automated answering system: (800) 424-5454 or (202) 512-7700

Congressional Relations

A. Nicole Clowers, Managing Director, ClowersA@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Sarah Kaczmarek, Acting Managing Director, KaczmarekS@gao.gov, (202) 512-4800, U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

Strategic Planning and External Liaison

Stephen J. Sanford, Managing Director, spel@gao.gov, (202) 512-4707
U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548