

OIG

Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

The Social Security Administration's
Plan to Achieve Self-Support
Program

A-08-16-50030 September 2016



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 27, 2016

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: The Social Security Administration's Plan to Achieve Self-Support Program (A-08-16-50030)

The attached final report presents the results of the Office of Audit's review. The objective was to assess the Social Security Administration's management of the Plan to Achieve Self-Support program and its vulnerability to misuse.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

A handwritten signature in black ink that reads "Gale Stallworth Stone".

Gale Stallworth Stone

Attachment

The Social Security Administration's Plan to Achieve Self-Support Program

A-08-16-50030



September 2016

Office of Audit Report Summary

Objective

To assess the Social Security Administration's (SSA) management of the Plan to Achieve Self-Support (PASS) program and its vulnerability to misuse.

Background

PASS is a Supplemental Security Income (SSI) program designed to help disabled individuals return to work. Congress intended employment support provisions, such as PASS, to provide disabled beneficiaries with the assistance needed to move from benefit dependence to independence. The *Social Security Act* allows disabled individuals to set aside income and/or resources to pay for items or services (such as tuition and transportation) to achieve a work goal under a PASS. The Agency will not count the income and resources the individual sets aside to pursue the work goal in determining their eligibility for, or amount of, SSI payments. As a result, an SSI recipient with an approved PASS may receive higher SSI payments. Disability Insurance beneficiaries may also use the PASS program to become eligible for SSI, Medicaid, and other Federal means-tested programs, such as food stamps and housing assistance.

Prior Government Accountability Office and Office of the Inspector General reports have raised concerns about SSA's management of the PASS program and its vulnerability to misuse.

Findings

SSA did not have sufficient information to evaluate the success of its PASS program. Nevertheless, we concluded the Agency was not effectively managing the program. For example, SSA lacked basic data on PASS program participation, costs, and outcomes. In addition, SSA had not evaluated the PASS program's impact on the disability rolls. Finally, SSA did not routinely monitor the PASS program or conduct quality control reviews.

Internal control weaknesses left the PASS program vulnerable to misuse. For example, PASS program guidelines were broad and vague. In addition, there were no limits on PASS benefits, such as caps on expenditures, time limits to complete work goals, or restrictions on the number of PASS work goals a disabled individual could have. Further, some individuals misused PASS benefits to obtain items or services unrelated to their work goals.

Recommendations

We recommend the Agency:

1. Collect data on PASS program participation, costs, and outcomes.
2. Evaluate the PASS program's impact on disability rolls periodically.
3. Establish routine program monitoring and quality control reviews.
4. Strengthen internal controls, such as clarifying program guidelines, limiting PASS benefits, and taking steps to reduce overpayments caused by misuse of PASS benefits.

SSA agreed with our recommendations.

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ABBREVIATIONS

CIS	Control and Information System
DI	Disability Insurance
Fed. Reg.	Federal Register
GAO	Government Accountability Office
OIG	Office of the Inspector General
PASS	Plan to Achieve Self-Support
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
S. Rep. No.	Senate Report Number
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
Stat.	United States Statutes at Large

OBJECTIVE

Our objective was to assess the Social Security Administration’s (SSA) management of the Plan to Achieve Self-Support (PASS) program and its vulnerability to misuse.

BACKGROUND

PASS is an employment support program designed to help disabled individuals return to work. Congress established the PASS program as part of the original Supplemental Security Income (SSI) legislation in 1972, and the program went into effect in 1974. Congress intended employment support provisions, such as PASS, to provide disabled beneficiaries with the assistance needed to move from benefit dependence to independence. The legislative history also indicates that Congress expressed a “. . . desire to provide every opportunity and encouragement to the blind and disabled to return to gainful employment.”¹

The *Social Security Act* allows disabled individuals to set aside income and resources to pay for items or services (such as tuition, business equipment, and transportation) to achieve a work goal under a PASS. SSI recipients must show how achieving their work goal will generate enough earnings to substantially reduce or eliminate their dependence on SSI. Work goals for Disability Insurance (DI) beneficiaries must include projected earnings high enough to eliminate their need for Title II disability benefits.

If SSA approves a PASS, the Agency will not count the income and resources an individual sets aside to pursue the work goal in determining the individual’s eligibility for, or amount of, SSI payments. As a result, an SSI recipient with an approved PASS may receive higher SSI payments than would be the case without PASS. DI beneficiaries may also use the PASS program to become eligible for SSI, Medicaid, and other Federal means-tested programs, such as food stamps and housing assistance. For example, a DI beneficiary may apply for the PASS program to use their existing DI benefits to pay for educational expenses that would help them obtain employment. Under the PASS program, the beneficiary could receive up to \$733 a month from SSI,² additional State supplements, and assistance from other means-tested programs to offset their educational expenses.

Disabled individuals submit their written PASS application to a network of SSA employees (known as a PASS Cadre) for approval. The applicant should propose a work goal with a reasonable time-period for completion and identify the items necessary to achieve that goal. Because a PASS involves setting aside income other than SSI, the individual must also have income (often their DI benefits) or resources to pursue their work goal. PASS specialists³ review

¹ SSA, POMS, SI 00870.001 (April 9, 2009).

² In 2016, the maximum Federal SSI payment for an individual is \$733 per month. SSA, POMS, SI 02001.020 (February 22, 2016).

³ For purposes of this report, we will use the term “PASS specialist” to refer to any SSA employee who performs the PASS expert duties. SSA, POMS, SI 00870.001 (April 9, 2009).

the PASS applications to ensure the goal is feasible and the plan for achieving the goal is realistic based on such factors as the individual's age, education, and impairments. If the PASS specialist approves the plan, SSA's Program Operations Manual System (POMS) requires that specialists periodically monitor⁴ the individual's progress and determine whether the individual appropriately used the PASS benefits⁵ to pay for expenses related to their work goal. The PASS ends when the participant reaches their work goal; completes the time schedule outlined in the plan; or abandons, or does not comply with, the terms of the plan.

Prior Government Accountability Office (GAO) and Office of the Inspector General (OIG) reports have raised concerns about SSA's management of the PASS program and its vulnerability to misuse. In 1996, GAO concluded that SSA needed to make major improvements in the management of the PASS program. For example, GAO found that SSA needed to achieve more consistent program administration, collect data sufficient to control and evaluate the program, and provide internal controls against program waste and misuse.⁶ OIG has raised concerns about PASS development and SSA's overall case management system for the PASS program.⁷ GAO and OIG also raised concerns about the cost-effectiveness of the PASS program, especially with respect to DI beneficiaries who use the program to obtain SSI eligibility. Accordingly, GAO⁸ reported that Congress may wish to consider legislative action to prevent DI beneficiaries from using PASS to gain SSI eligibility, and OIG⁹ recommended similar legislative measures.

To accomplish our objective, we reviewed PASS program data and interviewed PASS specialists, managers, and Headquarters personnel regarding PASS program administration and its vulnerability to misuse. We also reviewed applicable laws, regulations, POMS, and prior GAO and OIG audit reports. In addition, we analyzed 40 PASS participants who had plans that ended in 2014 from the 4 SSA regions that had the largest volume of PASS receipts to identify characteristics and trends among the cases. However, we did not determine whether PASS specialists correctly applied existing regulations to individual cases or the PASS participants committed fraud. See Appendix A for additional information regarding our scope and methodology.

⁴ SSA, POMS, SI 00870.055 (September 19, 2014).

⁵ PASS is a self-financed program that excludes income and/or resources that a disabled individual uses to pursue a work goal from SSI eligibility and payment computations. However, for simplification purposes, we will use the term "PASS benefits" to refer to additional Federal SSI and SSA-administered state supplement payments that SSA issued because of PASS income and resource exclusions. SSA, POMS, SI 00870.001 (April 9, 2009).

⁶ GAO, *PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed* (GAO/HEHS-96-51), February 1996.

⁷ SSA OIG, *Social Security Administration's Plans for Achieving Self-Support for Supplemental Security Income Recipients*, (A-13-93-00426), January 1996.

⁸ GAO, *PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed* (GAO/HEHS-96-51), February 1996.

⁹ SSA OIG, *Use of Plans for Achieving Self-Support to Obtain Supplemental Security Income Benefits* (A-01-98-61006), September 1999.

RESULTS OF REVIEW

SSA did not have sufficient information to evaluate the success of its PASS program. Nevertheless, the Agency was not effectively managing the program. For example, SSA lacked basic data on PASS program participation, costs, and outcomes. In addition, SSA had not evaluated the PASS program's impact on the disability rolls. Finally, SSA did not routinely monitor the PASS program or conduct quality control reviews.

Internal control weaknesses leave the PASS program vulnerable to misuse. For example, PASS program guidelines were broad and vague. In addition, there were no limits on PASS benefits, such as caps on expenditures, time limits to complete work goals, or restrictions on the number of PASS work goals a disabled individual may have. Further, some individuals exploited the program by misusing PASS benefits to obtain items or services that were unrelated to their work goals.

SSA's Management of the PASS Program

Effective program management requires reliable management information and oversight of program activities. However, SSA did not have basic data on PASS program participation,¹⁰ costs, and outcomes to manage the program effectively. In addition, SSA had not developed clear and measurable goals to evaluate the PASS program's impact on the disability rolls. SSA also did not routinely monitor the PASS program or conduct quality control reviews.

PASS Program Data

SSA could not provide key program data, such as the annual number of PASSes, direct program or administrative costs, success rates, program savings from successful plans, and overpayments from misuse of PASS benefits. Although SSA designed the Control Information System (CIS) in 2000 to monitor and track PASS cases, the Agency did not mandate its use, and not all regional cadres used it. SSA acknowledged that CIS information was incomplete, and Headquarters officials did not use CIS or other management information reports to monitor the program. Without in-depth management information, such as program costs and success rates, SSA cannot evaluate the cost-effectiveness of this work incentive program.

Prior GAO and OIG reviews also found that SSA did not have adequate and reliable management information. For example, GAO recommended that SSA gather additional management data on PASS program participation and impact and use the data to evaluate the impact of PASS program participation on employment.¹¹ In addition, we recommended that SSA

¹⁰ While the Agency did not maintain annual participation figures, it presented point-in-time PASS participation information in the *Annual Report of the Supplemental Security Income Program*. In December 2014, SSA reported that there were 862 active PASS participants, and 317 of these participants were working.

¹¹ GAO, *PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed* (GAO/HEHS-96-51), February 1996.

provide ongoing management information on the number of PASSes nationwide, success and failure rate, and program cost as well as other analytical data.¹²

PASS Impact

SSA had not evaluated the PASS program's impact on the disability rolls. Although the objective of the PASS program is to help blind and disabled individuals obtain employment that reduces or eliminates their dependence on SSI or DI benefits, SSA had not determined whether the program accomplished its objective. For example, SSA did not collect information on participants after the PASS ended to measure the PASS program's impact on the disability rolls. In fact, SSA stated it did not formally evaluate a PASS for success, as the true measure of success may not occur for several years after the plan's conclusion. However, we believe it is essential that SSA periodically evaluate the program's impact on the disability rolls.

Prior GAO and OIG reviews indicated that the program had minimal impact on the disability rolls. For example, in 1996, GAO found that PASS participants seldom earned enough to stop their SSI and DI benefits after their plans ended.¹³ In 1999, we found that DI beneficiaries who participated in the PASS program continued receiving benefits at the same or a higher rate after their plans ended.¹⁴ Moreover, in a 2010 report, we estimated that direct PASS program costs exceeded program savings by a ratio of 2.5-to-1.¹⁵

Monitoring and Quality Control Reviews

SSA did not routinely monitor the PASS program or conduct quality control reviews. For example, SSA Headquarters and local management officials told us they did not routinely oversee PASS program activities or evaluate program performance. While some managers told us they were involved with PASS outreach events and monitored the workload volume, none evaluated the appropriateness of PASS specialists' decisions. In fact, several PASS managers told us they did not have adequate training or technical expertise to evaluate PASS cases. One PASS manager told us she primarily approved travel requests, coordinated outreach efforts, and helped resolve public relations problems. Another PASS manager told us there was no quality control mechanism in place for PASS cases and suggested that SSA implement a peer review system to ensure quality and consistency of PASS decisions. Because a PASS can involve large sums of money, we question the appropriateness of allowing PASS specialists autonomy over PASS decisions and benefits.

¹² SSA OIG, *Social Security Administration's Plans for Achieving Self-Support for Supplemental Security Income Recipients* (A-13-93-00426), January 1996.

¹³ GAO, *PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed*, (GAO/HEHS-96-51), February 1996.

¹⁴ SSA OIG, *Use of Plans for Achieving Self-Support to Obtain Supplemental Security Income Benefits*, (A-01-98-61006), September 1999.

¹⁵ SSA OIG, *Plan to Achieve Self-Support Program*, (A-01-09-19034), May 2010.

SSA established a PASS workgroup to update and review policy and explore ways of increasing participation in the PASS program. While we commend SSA for establishing a PASS workgroup, it is too early to tell whether the Agency’s efforts will provide significant improvements. As such, we believe the Agency would benefit from strengthening program management and enhancing internal controls before expanding the PASS program.

Internal Control Weaknesses in the PASS Program

Strong internal controls help safeguard assets and provide reasonable assurance that a program is achieving its objectives. However, SSA’s guidelines were broad and vague. In addition, there were no limits on PASS benefits, such as caps on expenditures, time limits to complete work goals, or restrictions on the number of PASS work goals a disabled individual may have. Further, some individuals exploited the program by misusing PASS benefits to obtain items or services unrelated to their work goals. While Congress intended that the PASS program be “liberally construed,” it should not reduce the Agency’s stewardship responsibility to establish internal controls to protect the program from fraud, waste, and abuse.

PASS Program Guidelines

PASS program guidelines were broad and vague and did not provide sufficient direction to employees charged with implementing the program. In fact, the PASS specialists’ position description acknowledged that existing guides are “vague, incomplete, and of limited use for individual cases.” Instead of providing specific guidelines, POMS advises PASS specialists to “. . . take a common sense approach when evaluating a PASS.”¹⁶ However, PASS managers and specialists we interviewed expressed frustration about inadequate guidance and training. For example, there were no formalized training manuals for PASS managers or specialists, and SSA had not conducted centralized training since 2005. PASS specialists also told us that POMS criteria made it difficult to deny PASS applications, especially if the plan involved a self-employment work goal.

We did not determine the extent to which PASS specialists followed SSA regulations. Additionally, we did not confirm whether PASS recipients committed fraud. Further, we did not project our findings to other PASS cases because of the lack of program data on participation, costs, and outcomes. However, the following examples illustrate some of the plans we reviewed that did not result in a cessation of disability benefits.¹⁷

¹⁶ SSA, POMS, SI 00870.025 (October 15, 2004).

¹⁷ We calculated PASS benefits as the additional Federal SSI and SSA-administered State supplement payments that SSA paid because of PASS income and resource exclusions.

- SSA paid an individual over \$30,000 for almost 4 years with the employment goal of becoming a fishing guide. The individual (diagnosed with schizophrenia and assigned a representative payee) used some of the money to purchase a boat and motor. The individual used a PASS to attain SSI eligibility; therefore, the SSI payments stopped when the PASS ended. However, at the time of our review, the individual was still receiving DI benefits.
- SSA paid an individual over \$45,000 for over 8 years with the employment goal of becoming a goat dairy farmer. The individual (diagnosed with back-related issues and Affective/Mood Disorders) used the benefits to purchase a computer, pay transportation expenses, and re-pay a loan for dairy farming equipment. At the time of our review, the individual was still receiving SSI and DI benefits.
- SSA paid over \$61,000 to an individual for over 11 years. The individual (diagnosed with anxiety disorders and a lung transplant) had three PASSes during this time. SSA did not have records of the first PASS goal, but the second and third PASS goals focused on becoming an electrical engineer and a network security specialist. The individual used some of the money to pay for a vehicle, a computer, and tuition. At the time of our review, the individual was still receiving SSI and DI benefits.
- SSA paid an individual over \$10,000 for more than 1 year. The individual (diagnosed with Affective/Mood Disorders and Substance Addiction or Psychoactive Substance Dependence Disorders) had two PASSes with the work goals of becoming an ultrasound technician and funeral salesperson. The individual used some of the benefits for house hunting trips authorized under the first plan. However, SSA approved the second PASS even though the individual failed to account for over \$6,000 SSA paid under the original PASS. The total unaccounted PASS benefits for both plans exceeded \$9,000. The individual used PASS to attain SSI eligibility; therefore, the SSI payments stopped when the PASS ended. However, at the time of our review, the individual was still receiving DI benefits.

While most of the PASS participants we reviewed continued receiving SSI and/or DI benefits after their PASSes ended, some individuals stopped receiving disability benefits after they completed their PASS. For example, SSA paid an individual (diagnosed with a spinal cord injury) approximately \$53,000 for almost 7 years to become a social worker. The individual used some of the benefits to pay for tuition and a vehicle. The individual obtained employment and was no longer receiving SSI or DI benefits at the time of our review.

Caps on PASS Benefits

SSA did not limit PASS expenditures.¹⁸ For example, while PASS disbursements varied widely in our sample, five individuals received over \$40,000 each from a single PASS; one individual received over \$53,000. One common high expense item mentioned by the PASS specialists involved the use of PASS benefits to purchase vehicles. POMS indicates that specialists should only approve a vehicle purchase if other means of transportation, such as taxi or public transportation, would not meet the individual's needs.¹⁹ Although we did not attempt to determine whether specialists considered other means of transportation, our case reviews showed that SSA allowed about half the participants to use PASS benefits to purchase a vehicle.

SSA did not place time limits on PASSes.²⁰ That is, PASS specialists may extend the PASS completion date indefinitely in 6-month intervals. In fact, one of the cases we reviewed received PASS benefits for over 8 years on a single PASS. Several other plans we reviewed were active for longer than 6 years. In addition, SSA did not restrict the number of plans an individual received.²¹ For example, over 25 percent of the PASS participants we reviewed received benefits for multiple PASS work goals. Several of the PASS staff we interviewed also raised concerns about the lack of limits on program benefits.

PASS Program Vulnerability to Misuse

SSA policy prohibited PASS participants from using PASS benefits for any other purpose than to purchase items or services approved under their plan.²² To ensure compliance with the spending plan, SSA requires that PASS specialists conduct progress reviews at least annually and a final accounting at the end of the PASS.²³ However, about one-third of the individuals we reviewed incurred overpayments because SSA determined they either misused or failed to account for PASS benefits. In addition, SSA instructed PASS specialists not to post overpayments under

¹⁸ SSA, POMS, SI 00870.006 (May 2, 2014). Allowable PASS expenses must be for items or services needed to achieve the occupational goal, not have existed before the individual began activities to achieve the occupational goal, be of a reasonable cost, and reflect start-up costs.

¹⁹ SSA, POMS, SI 00870.006 B.7 (May 2, 2014) and SSA, POMS, SI 00870.025 B.5 (October 15, 2004).

²⁰ *Social Security Independence and Program Improvements Act of 1994*, Pub. L. No. 103-296, 108 Stat. 1464 (1994) eliminated the 36/48-month time limit, and SSA revised its guidelines to allow for the extension of a PASS beyond the previous time limits in 6-month increments.

²¹ SSA has no limit on the number of PASSes an individual may have. However, the individual may only have one PASS at a time and each PASS must have a different work goal. Further, applicants must explain why they are unable to work under a prior work goal before the PASS specialist approves a subsequent PASS work goal. SSA, POMS, SI 00870.006 (May 02, 2014) and SSA, POMS, SI 00870.025 (October 15, 2004).

²² SSA, POMS, SI 00870.003 C.1 (April 24, 2009).

²³ SSA, POMS, SI 00870.055 A.2 (September 19, 2014) and SSA, POMS SI 00870.070 D (September 19, 2014).

\$1,000 to the Supplemental Security Record.²⁴ As such, the actual number of PASS participants with unaccounted or misused PASS benefits was unknown. One individual in our sample admitted to using most of the PASS benefits for personal living expenses, resulting in an almost \$6,000 overpayment. In addition, the Agency did not preclude PASS specialists from approving individuals with prior PASS overpayments for subsequent PASSes. For example, one individual we reviewed had overpayments for unaccounted benefits, totaling almost \$15,000, in two separate PASSes.

CONCLUSIONS AND RECOMMENDATIONS

We acknowledge the importance of providing opportunities and encouragement to the blind and disabled so they can obtain gainful employment. Although some individuals stopped receiving SSI and/or DI benefits after completing their PASSes, there is little evidence that the program had a significant impact on disability rolls. In fact, SSA had no published data on the PASS program's effect on employment and disability benefits. Also, the Agency had not maintained management data necessary for measuring program impact over the past 40 years. As such, we did not have sufficient information to evaluate the success of the PASS program.

SSA has a responsibility to effectively manage the PASS program and reduce opportunities for program waste and misuse. In addition, it is important for SSA to periodically evaluate the impact of PASS program participation on disability rolls. While we commend SSA for establishing a PASS workgroup to update and review policy, it is too early to tell whether the Agency's efforts will provide significant improvements. As such, we believe the Agency would benefit from strengthening program management and enhancing internal controls (including legislative changes if necessary) before expanding the PASS program.

Accordingly, we recommend that SSA:

1. Collect data on PASS program participation, costs, and outcomes.
2. Evaluate the PASS program's impact on disability rolls periodically.
3. Establish routine program monitoring and quality control reviews.
4. Strengthen internal controls, such as clarifying program guidelines, limiting PASS benefits, and taking steps to reduce overpayments caused by misuse of PASS benefits.

²⁴ SSA technicians may administratively waive an SSI overpayment if the cost to recover the overpayment exceeds the amount of the overpayment. Effective September 2008, SSA technicians can use administrative waiver procedures to dismiss SSI overpayments up to \$1,000. PASS specialists have instructions not to apply overpayments if unaccounted PASS funds at the final accounting are less than the current SSI administrative waiver allowance. SSA, POMS, SI 02260.030 (April 4, 2016) and SSA, POMS, SI 00870.070 (September 19, 2014).

AGENCY COMMENTS

SSA agreed with our recommendations. The full text of SSA's comments is included in Appendix B.

A handwritten signature in black ink that reads "Rona Lawson". The signature is written in a cursive, flowing style.

Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration’s (SSA) policies and procedures, applicable laws, and regulations.
- Requested Plan to Achieve Self-Support (PASS) program data and management information.
- Obtained a population of 20,525 records (6,900 unique Social Security numbers [SSN]) with PASS payment or denial information data posted to the Supplemental Security Record (SSR) between May 2010 and April 2015.
- Identified Atlanta, Boston, Kansas City, and San Francisco as the four largest regions by volume of PASS receipts in the Control Information System (CIS).
- Identified the first 10 PASSes ended in 2014 for each of the 4 largest SSA regions (40 SSNs). We used 2014 as the review period because it was the most recent year with complete earnings posted to SSA’s Master Earnings File. We selected PASSes from these four regions to facilitate requests for additional information. However, since PASS cases are subject to retroactive adjustments, SSA subsequently reinstated one of the cases we identified as ended in 2014.
- We reviewed the Master Beneficiary Record, SSR, CIS, and Modernized Supplemental Security Income Claims System data for each of the SSNs associated with the selected PASSes. We also reviewed paper PASS folders if available.
- For each of the SSNs, we reviewed all approved PASSes.
- For each of the SSNs, we determined whether
 - SSA approved the individual for multiple PASS work goals,
 - SSA approved the exclusion of funds towards the purchase or loan payment of a vehicle,
 - the individual had Supplemental Security Income (SSI) overpayments resulting from unaccounted for or misused PASS benefits, and
 - the individual received Disability Insurance (DI) or SSI benefits in March 2016.
- For selected SSNs, we
 - calculated the additional amount of SSI payments the individual received (Federal SSI and SSA-administered State supplements),
 - calculated how long the individual had income excluded under a PASS,

- determined whether the individual needed PASS income or resource exclusions to qualify for SSI,
- identified the PASS work goal(s),
- determined the approved expenses under the PASS, and
- identified the disability that qualified the individual to receive SSI or DI payments.
- Interviewed seven PASS specialists in each of the four largest regions.
- Interviewed a PASS manager in each of the four largest regions.
- Interviewed Headquarters employees directly involved in the management, policy analysis, and support of the PASS program.
- Reviewed recommendations made in prior Government Accountability Office (GAO)¹ and Office of the Inspector General (OIG)² reports.

Our audit scope was limited to PASS program data from Calendar Years 2010 through 2015. We based our review of internal controls on prior audit findings, SSA policy in its Program Operations Manual System, and interviews with Agency officials. We conducted our audit from November 2015 through April 2016 in Birmingham, Alabama. We determined the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

The SSA entity audited was the Office of Research, Demonstration, and Employment Support under the Office of the Deputy Commissioner for Retirement and Disability Policy. We conducted this audit 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹ GAO, *PASS Program: SSA Work Incentive for Disabled Beneficiaries Poorly Managed*, (GAO/HEHS-96-51), February 1996.

² SSA OIG, *Social Security Administration's Plan for Achieving Self-Support for Supplemental Security Income Recipients* (A-13-93-00426), January 1996; SSA OIG, *Use of Plans for Achieving Self-Support to Obtain Supplemental Security Income Benefits* (A-01-98-61006), September 1999; and SSA OIG, *Plan to Achieve Self-Support Program* (A-01-09-19034), May 2010.

Appendix B – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: September 06, 2016 Refer To: SIJ-3

To: Gale S. Stone
Acting Inspector General

From: Frank Cristaudo /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "The Social Security Administration's Plan to Achieve Self-Support Program" (A-08-16-50030)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“THE SOCIAL SECURITY ADMINISTRATION’S PLAN TO ACHIEVE SELF-
SUPPORT PROGRAM” (A-08-16-50030)**

GENERAL COMMENTS

We are committed to exploring ways to improve our employment support programs to help disabled individuals remain in the workforce or return to work as quickly as possible. The Plan to Achieve Self-Support (PASS) program has been part of the *Social Security Act* (Act) since the 1972 amendments, which shifted responsibility for administering the Supplemental Security Income (SSI) program from the States to our agency. Congress’s intent for the PASS program was to provide “*every opportunity and encouragement*” for individuals who are blind or disabled to return to work, and that the PASS provision be “*liberally construed if necessary to accomplish these objectives.*”¹

We developed our policy consistent with this intent and the requirements in sections 1612 and 1613 of the Act. We promulgated regulations (20 C.F.R. §§ 416.1181 and 416.1226), which established criteria (e.g., timeframes and goals) for the PASS program based on the original law. By later passing section 203 of the *Social Security Independence and Program Improvement Act of 1994* (Public Law 103-296), Congress eliminated the precise time limits that originally applied to the PASS program. Public Law 103-296, § 203, 108 Stat. 1464 (1994) created § 1633(d), 42 U.S.C. § 1383b, which requires our agency to make an individualized assessment of the time limits applicable to each individual’s PASS. We changed our regulations in 2006 to reflect the statutory change. *See* 71 Fed. Reg. 28262 (May 16, 2006).

In fiscal year (FY) 2012, we established a PASS workgroup to revitalize the PASS program. The workgroup’s efforts focused on providing an easier, more streamlined application form, updating any outdated policy, and using the issuance of the updated PASS application to advertise the program. The workgroup is comprised of PASS specialists from each of our ten regions in addition to headquarters policy and operations staff. The workgroup recently completed their development of a streamlined PASS application form, which is currently pending approval from the Office of Management and Budget. The PASS workgroup continues their efforts to revitalize the PASS program, which includes addressing issues presented in this review.

Finally, in the *SSI Annual Statistical Report*, we reported there were 862 PASS plans in FY 2014. In comparison, there were 12.9 million individuals (disabled adults aged 18-64) receiving benefits based on a disability. These numbers illustrate the relatively insignificant effect PASS plans have on the disability rolls and expenditures.

¹ *See* S. Rep. No. 92-1230, *Social Security Amendments of 1972, Report of the Committee on Finance United States Senate, to Accompany H.R. 1*, September 26, 1972.

Recommendation 1

Collect data on the Plan to Achieve Self-Support (PASS) program participation, costs, and outcomes.

Response

We agree. In FY 2017, we will conduct a longitudinal study of PASS plans. Our PASS workgroup will provide input to the development and structure of the study. We will use results from the study to evaluate the costs and outcomes of approved PASS plans. In addition, we will explore cost-effective options to collect management information on PASS program participation.

Recommendation 2

Evaluate the PASS program's impact on disability rolls periodically.

Response

We agree. In FY 2017, we will conduct a longitudinal study of PASS plans. We will compare outcomes for PASS participants to those of a comparable group of SSI recipients. For example, we may compare PASS participant earnings amounts and benefit reductions to those of non-participants. We will also review the characteristics of PASS participants, looking at factors such as age and impairment type. Our analysis will provide important information for policymakers regarding the impact of PASS on disability beneficiaries.

Recommendation 3

Establish routine program monitoring and quality control reviews.

Response

We agree. By the end of September 2017, we will evaluate cost-effective options to improve program monitoring and internal quality control reviews.

Recommendation 4

Strengthen internal controls, such as clarifying program guidelines, limiting PASS benefits, and taking steps to reduce overpayments caused by misuse of PASS benefits.

Response

We agree. We create guidelines to assist PASS specialists in reviewing the plan request and allow flexibility so we can serve disabled individuals to the best of our ability. We do not want our guidelines to be overly restrictive or encourage denial of a PASS request. Our PASS workgroup is reviewing policies and procedures and, where applicable, will update and

streamline the PASS application process. In addition, the PASS workgroup will consider the issues presented from this review and, where applicable, will incorporate them into proposed updates to policies and procedures. In addition, the PASS workgroup will investigate additional ways to detect potential misuse of PASS benefits.

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