

Follow-up on Old-Age, Survivors and Disability Insurance Benefits Affected by State and Local Pensions

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Office of Audit Report Summary

Objectives

To (1) identify Old-Age, Survivors and Disability Insurance beneficiaries whose benefits may have been affected by State or local government pensions and (2) determine whether the Social Security Administration (SSA) implemented recommendations from our 2011 report.

Background

The *Social Security Act* includes two provisions, Windfall Elimination Provision (WEP) and Government Pension Offset (GPO), that reduce Social Security monthly benefits paid to individuals who also receive a pension based on Federal, State, or local government employment not covered by Social Security. WEP eliminates “windfall” Social Security benefits for retired or disabled workers who are receiving pensions. GPO reduces Social Security monthly benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work from employment not covered by Social Security. In a 2011 audit, we estimated SSA overpaid approximately 24,900 beneficiaries about \$623.8 million.

We obtained an electronic data extract of 1,117 beneficiaries as of August 2019. These beneficiaries’ benefits were not adjusted for WEP or GPO, but their wage histories indicated they may have earned a State or local government pension based on employment not covered by Social Security.

Findings

We identified OASDI beneficiaries who may have been overpaid because SSA did not reduce their benefits for non-covered pensions from State or local government work. Of the 100 beneficiaries we reviewed, 4 could have been subject to WEP based on the pension administrators’ responses, and SSA may have overpaid them a total of approximately \$88,000 in OASDI benefits. This occurred because two beneficiaries failed to report they received a State or local government pension, and Agency employees did not apply WEP to the other two beneficiaries. If SSA does not correct these payment errors, we estimate these beneficiaries will receive additional overpayments of approximately \$86,000 over their lifetimes.

We reviewed SSA’s actions to implement the three recommendations in our 2011 audit and found that, although efforts were made, work still needs to be done. Two of the three recommendations involved systematic changes needed for SSA to effectively identify beneficiaries whose benefit must be adjusted because of WEP or GPO. The remaining recommendation called for SSA to determine whether the beneficiaries we identified during our review were subject to WEP or GPO. SSA appropriately implemented the recommendation. We plan to fully assess SSA’s actions to address WEP and GPO issues in an upcoming audit.

Recommendation

We recommend that SSA perform the followup needed to make WEP applicability determinations for the four beneficiaries we identified during this review and collect overpayments, if appropriate.

SSA agreed with the recommendation.