

Supplemental Security Income Recipients with Excess Unstated Income

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Office of Audit Report Summary

Objective

To identify Supplemental Security Income (SSI) recipients who may have been receiving improper benefit payments because of unstated income.

Background

Because of the program's means-based nature, SSI payment amounts can fluctuate monthly. The Social Security Administration (SSA) relies on recipients to self-report changes in circumstances that may affect SSI eligibility and/or payment amounts. However, some SSI recipients fail to report these changes to retain their SSI payments. This issue has been a cause of SSI overpayments since the program's inception.

Unstated income is income that is not reported or otherwise known to SSA but is determined to exist because an individual's living expenses exceed income from known sources. The amount of unstated income to be charged is the difference between stated or known monthly income and monthly living expenses.

According to SSA policy, when there is information on file that creates questions as to how living expenses are being met, SSA staff is to determine whether there is unstated income by comparing usual monthly living expenses with total monthly income. However, if there is no reason to suspect that unstated income exists, no further development or documentation is required.

Our Findings

According to SSA policy, one situation that may point to unstated income is when an individual's stated income is insufficient to provide for known living expenses. However, SSA policy does not clearly outline how an adjudicator should determine the sufficiency of an individual's income. That is, there are no specific instructions about what living expense information should be obtained to make such a determination and therefore potentially explore unstated income. Rather, SSA policy instructs staff, "Whenever the information in file, including statements of the claimant/recipient, deemor or third parties, creates questions as to how living expenses are met, explore the existence of unstated income. Adjudicators are responsible for deciding whether the information in file creates such questions and to what extent unstated income must be explored."

By having a discretionary process for identifying what monthly living expenses should be obtained to determine the sufficiency of an individual's income and therefore the potential for unstated income, SSA may be overlooking opportunities to detect improper payments. To illustrate, we analyzed individuals in our sample who reported spending the majority of their income on rent/mortgage and food alone. Based on our methodology, we identified 25 recipients who had potential unstated income in July 2011. We updated the income and expense information for the 25 recipients and found 21 were in current pay as of January 2014. Taking into account updated income and expense information, we found 14 of the 21 recipients still had potential unstated income.

Our Recommendations

We recommend SSA:

1. Use a process similar to that in our analysis to explore unstated income for the 14 recipients who still have potential unstated income, and
2. Based on those results, determine whether the process for exploring unstated income should be strengthened for SSI-eligible individuals who report spending the majority of their income on rent/mortgage and food alone.

SSA agreed with our recommendations.