

Payments to Student Beneficiaries

A-09-13-13059



December 2014

Office of Audit Report Summary

Objective

To evaluate the effectiveness of the Social Security Administration's (SSA) controls over the payment of student benefits.

Background

The *Social Security Act* provides benefits to children upon the insured wage earners' retirement, death, or disability. Child beneficiaries are entitled to benefits until they marry or attain age 18. After age 18, child beneficiaries become eligible for student benefits if they attend an elementary or secondary school full time. Generally, student benefits continue through the earlier of age 19 and 2 months or the end of the school year.

Student beneficiaries must complete and sign the Form SSA-1372 to provide SSA information on their school attendance. Additionally, a school official must review and certify attendance information provided by the student. The student must then return the completed SSA-1372. Finally, SSA employees must review the completed SSA-1372 before paying student benefits.

We identified a population of 1,539,078 student beneficiaries who were full-time students for at least 1 month from January 2007 through December 2013.

Findings

SSA needs to improve its controls over the payment of student benefits. We estimate that SSA

- overpaid \$225.3 million in student benefits to 106,336 beneficiaries and
- did not have evidence of school attendance for \$968 million in student benefits paid to 246,252 beneficiaries.

Generally, the payment errors occurred because neither students nor schools reported to SSA when students stopped attending school full time before the expected end of school year or SSA employees did not record graduation dates on the MBR. Further, we identified cases where SSA staff did not retain supporting documentation of student attendance (SSA-1372) as required.

Recommendations

We recommend that SSA:

1. Take appropriate action for the 19 beneficiaries we identified who discontinued full-time attendance or who were paid after they graduated. If appropriate, establish overpayments and initiate collection activities for these beneficiaries.
2. Raise awareness for schools to report when students discontinue full-time attendance before the expected end of school year.
3. Obtain evidence, as appropriate, of full-time school attendance for the 44 beneficiaries we identified.
4. Remind employees that they must retain evidence (SSA-1372) of student attendance.

SSA agreed with Recommendations 1, 2, and 4 but disagreed with Recommendation 3.