

Report Summary

Social Security Administration Office of the Inspector General

August 2009



Objective

To (1) assess the Social Security Administration's (SSA) progress in resolving approximately 2.5 million Earnings Enforcement selections and (2) quantify the amount of improper payments for the affected beneficiaries.

Background

The *Social Security Act* requires that SSA use an Annual Earnings Test (AET) to measure the extent of beneficiaries' retirement. Beneficiaries with earnings over an annual exempt amount receive reduced benefits. To ensure compliance with the AET provisions, SSA Earnings Enforcement Operation (EEO) compares beneficiaries' reported earnings with earnings reported by employers. In a prior audit of the AET, we found that SSA had not adjusted the benefit payments for approximately 2.1 of 2.5 million Earnings Enforcement selections.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-09-08-18047.pdf>

The Social Security Administration's Unprocessed Annual Earnings Enforcement Selections (A-09-08-18047)

Our Findings

We found SSA had not made significant progress to resolve the 2.5 million Earnings Enforcement selections. Of the approximately 2.1 million Earnings Enforcement selections that were pending at the time of our prior audit, we found SSA had only processed about 337,500 (16.1 percent). In addition, our review disclosed there were a substantial number of improper payments in the backlog for the affected beneficiaries. Based on our sample results, we estimate SSA

- overpaid about \$956 million to 616,459 beneficiaries and
- underpaid about \$245 million to 181,312 beneficiaries.

We are encouraged that SSA has taken steps to reduce the backlog and improve the EEO. SSA's Office of Quality Performance (OQP) stated it had processed all the Earnings Enforcement selections for Calendar Years (CY) 2004 and about 73 percent of the selections for CY 2005. However, OQP has not presented a plan on how to resolve the beneficiary records pending for CYs 1996 through 2003.

Our Recommendation

We recommend that SSA develop a cost-effective plan to process, as appropriate, the backlogged Earnings Enforcement selections for CYs 1996 through 2003.

SSA agreed with our recommendation.