

USE OF TECHNOLOGY TO
IMPROVE THE ADMINISTRATION OF
SSI'S FINANCIAL ELIGIBILITY REQUIREMENTS

HEARING
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

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CONTENTS

	Page
Advisory of July 25, 2012, announcing the hearing	2
WITNESSES	
Carolyn W. Colvin, Deputy Commissioner, Social Security Administration	7
Patrick P. O'Carroll, Jr., Inspector General, Social Security Administration	42
Paul F. Soczynski, Director of Government Services, Accuity Solutions	50
Marty Ford, Director, Public Policy Office, The Arc of the United States	57
Douglas J. Besharov, Professor, School of Public Policy, University of Maryland	66
SUBMISSIONS FOR THE RECORD	
Carolyn Colvin, statement	95

**USE OF TECHNOLOGY TO
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WEDNESDAY, JULY 25, 2012

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The Subcommittee met, pursuant to notice, at 3:03 p.m., in Room 1100, Longworth House Office Building, Hon. Geoff Davis [Chairman of the Subcommittee] presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
Wednesday, July 25, 2012
HR-15

CONTACT: (202) 225-1721

Chairman Davis Announces a Hearing on the Use of Technology to Improve the Administration of SSI's Financial Eligibility Requirements

Congressman Geoff Davis (R-KY), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, announced today that the Subcommittee will hold a hearing on the use of technology to improve the administration of the Supplemental Security Income (SSI) program's financial eligibility requirements. **The hearing will take place on Wednesday, July 25, 2012 in 1100 Longworth House Office Building, beginning at 3:00 p.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

BACKGROUND:

The Supplemental Security Income (SSI) program is the Nation's largest Federal means-tested cash assistance program and is administered by the Social Security Administration (SSA). Unlike the Social Security Disability and Retirement programs, which require sufficient past employment covered by Social Security payroll taxes for eligibility, the SSI program pays benefits to disabled and elderly individuals who currently have limited income and assets, regardless of prior work history, using general revenue funds.

In 2012, the SSI program provides monthly cash payments up to \$698 per individual or \$1,048 per couple, which typically includes eligibility for Medicaid to cover health expenses. In December 2011, SSI provided cash assistance to more than 8.1 million children, adults, and aged individuals at an annual cost of over \$49.5 billion, not including Medicaid expenses. According to the SSA actuaries, the SSI program is expected to grow by 1 million recipients in the next decade, with the largest growth coming among those over the age of 65.

Since the program was created in 1972, SSI has applied financial eligibility requirements to all recipients, primarily in the form of monthly income and asset tests designed to ensure that individuals do not have significant current income or assets on which they should depend before turning to the program for support. For income, an individual's actual monthly benefit is determined by taking the Federal SSI benefit and subtracting countable wages and other income received during a month (generally up to \$1,481 per month for an individual with income only from wages). If countable income is not reported in a timely manner, it can cause an overpayment that is typically recovered from an individual's future benefits. Separately, a recipient's assets must remain below \$2,000 for an individual or \$3,000 for a couple to maintain eligibility. Like income, certain items are countable, such as cash, liquid assets in a bank account, or property that can be sold; other assets are not counted, such as the value of a primary residence, car, or burial plot.

The administration of these financial eligibility requirements can be difficult and error-prone if done manually and based on recipient-reported data. For fiscal year 2011, the SSI program had a 9.1 percent error rate, representing \$4.6 billion in im-

proper payments. To address this longstanding issue, SSA continues to look for ways to use technology to reduce error rates. This includes automated processing such as its Access to Financial Institutions (AFI) project, which attempts to confirm asset data reported by recipients with actual financial institution records. Through this and other automation efforts, SSA is expected to achieve significant program savings and has already reduced the SSI error rate by 17 percent in the last 2 years, even as overall benefit outlays have increased.

In announcing the hearing, Chairman Geoff Davis (R-KY) stated, **“The SSI program provides important financial support for low-income families with disabled children, disabled adults, and aged individuals. Especially in a restricted financial environment, we need to ensure SSA is using technology to its fullest to administer these benefits in an automated, reliable, and efficient manner. This hearing will review what progress SSA has been making on that front, which is essential to targeting limited taxpayer resources to those with the most financial need.”**

FOCUS OF THE HEARING:

The hearing will review SSI financial eligibility requirements and the use of technology to improve their administration.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “*Click here to provide a submission for the record.*” Once you have followed the online instructions, submit all requested information. **ATTACH** your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Friday, August 3, 2012. Finally**, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721 or (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TDD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov>.

* * * **CHANGE IN TIME** * * *

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
Wednesday, July 25, 2012
HR-15

CONTACT: (202) 225-1721

Change in Time for Hearing on the Use of Technology to Improve the Administration of SSI's Financial Eligibility Requirements

Congressman Geoff Davis (R-KY), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee hearing on the use of technology to improve the administration of the Supplemental Security Income (SSI) program's financial eligibility requirements, previously scheduled for 3:00 p.m. on Wednesday, July 25, 2012, in 1100 Longworth House Office Building, **will now be held at 2:00 p.m.**

All other details for the hearing remain the same. (See Subcommittee on Human Resources Advisory No. HR-15, dated July 25, 2012.)

Chairman DAVIS. Good afternoon. Thank you to our witnesses, staff members, and visitors for your patience. Unfortunately, we don't control the whip's schedule for votes. I appreciate your forbearance in the unanticipated delay.

In today's hearing we are going to review how technology is being used to improve the administration of the Supplemental Security Income, or SSI, program. As the Nation's largest Federal means-tested cash assistance program, SSI is sometimes called "the other welfare." Last month SSI provided checks to more than 8.1 million disabled and aging individuals. For example, that is almost twice as many people as collect welfare checks under the TANF program.

Unlike other Social Security programs which require prior work and payroll tax payments, SSI pays monthly checks to disabled and elderly individuals with limited income and assets regardless of whether they have worked in the past. Since SSI was created in 1972, it has had complex eligibility rules designed to ensure that recipients do not have significant income or assets on which they should depend before turning to SSI for support. How these financial eligibility requirements are working and how their administration can be improved are the subjects of today's hearing.

It is worth noting that in contrast to other means-tested programs like food stamps, SSI has continued to enforce these financial eligibility standards in recent years, which has helped to keep

SSI's growth in check. The administration of SSI's financial eligibility requirements can be difficult, prone to error, and extremely time-consuming, draining administrative resources, especially if done manually and using recipient-reported data.

In 2011, SSI had annual payments totaling almost \$50 billion, not including the cost of Medicaid benefits typically provided to SSI recipients. It also had a 9.1 percent error rate, representing a staggering \$4.6 billion in improper payments. As I have described in previous hearings, we can and should expect more from government. We should expect it to administer benefits using 21st century technology, not from the era before the personal computer existed.

We have made significant progress in the past year and a half enacting into law our data standards provision to jump-start a process for defining these standards. And I am very grateful for the true bipartisanship in which Members of the Republican and Democratic Caucus worked together to give the tools to repair these broken processes and bring some private-sector business practices into government.

I believe that SSA can and should significantly contribute to this process. What is more, I believe SSA will also greatly benefit from this effort, and it will improve how they administer all their workloads, including SSI. This is all part of a larger goal of leveraging technology to prevent improper payments of all kinds.

Today we will hear about how SSA has expanded nationwide the Access to Financial Institutions Project, AFI, along with other efforts to better use technology. These efforts have shown that while difficult, income and asset tests can be administered in a timely and cost-effective manner, improving program efficiency and reducing cost to taxpayers. That is an important lesson not just for SSI, but across all means-tested Federal programs.

For example, other programs, like food stamps, have recently waived these same sorts of complex eligibility rules, especially asset tests, to speed eligibility determination and expand benefit payouts. As a result, today one in seven Americans is eligible for food stamps, at a cost of over \$70 billion in 2011. That is triple the level of food stamp spending in 2002, when the asset test was consistently applied.

In a time of failed stimulus, out-of-control spending, and a struggling economy, we can't continue on the current fiscal path. Efficient enforcement of programs—or efficient enforcement of income and asset tests across means-tested programs will make it possible for limited taxpayer resources to be targeted to those with the greatest financial need. In this, we hope the SSI program can actually show the way.

We look forward to all the testimony today and to working to improve how this program serves disabled and elderly individuals who depend on it, as well as ensuring all means-tested programs efficiently and effectively use tax dollars.

With that, I would like to yield to my friend from Texas, the Ranking Member Mr. Doggett, to make an opening statement.

Mr. DOGGETT. Thank you very much, Mr. Chairman.

We have worked together on this Subcommittee to ensure safety-net programs effectively collect and use the information to deter-

mine eligibility. Because Supplemental Security Income provides modest benefits to aid individuals with disabilities, seniors, disabled children, our most vulnerable neighbors, it is critical that the Social Security Administration uses the most up-to-date technology to fully administer the benefits in the most efficient manner and ensure that only those individuals entitled to this important benefit receive it.

But our goal of improving the integrity of SSI as well as other programs is severely threatened by the Republican Appropriations Committee, which would cut about a billion dollars from the Social Security Administration. This comes after cuts in each of the last 2 years for Social Security, and this includes moneys that are essential for combating waste, fraud, and abuse. I believe that this cut means that there will be fewer SSI redeterminations, and there will be less available for other program integrity measures.

Every dollar that is invested in SSI eligibility and disability reviews has produced between \$6 and \$9 in program savings. Cutting funding threatens the integrity of these programs.

Ensuring an effective SSI program is important to over 8 million senior and disabled Americans who receive important assistance from the program. These benefits are not overly generous, with the maximum SSI payment providing less than \$700 a month for an individual, which reaches less than 75 percent of the poverty level. But even at these low levels, this assistance is a vital lifeline for those who have little other source of income.

In my home State of Texas, over 600,000 of our neighbors are helped by SSI, including about 55,000 in Bexar County and 17,000 in Travis County. One of these people is a 37-year-old woman who has Angelman syndrome, which includes cerebral palsy, seizures, and profound cognitive impairments. She lives in a group home with other adult women and comes home to stay with her mother 3 days a week. Her mother says, in these words: "Without the option of community living, she would be at home. I would be unable to care for her and would be unable to work. We would be destitute. Her only other option would be a State institution, which is unthinkable."

As we review current efforts to verify SSI eligibility, we should also consider steps to help SSI recipients comply with program requirements, especially when they attempt to go to work. We could take a major step in that direction by increasing the value of work for SSI recipients. The amount of wages that an SSI recipient can earn before losing some of their benefits has not been increased since this program was first started in 1974, at a time when gas was 50 cents a gallon and the median household income was about \$11,000 a year. There is a real need to make a change there. If this earnings exclusion had kept pace with inflation over the last four decades, it would be well over \$300 a month now instead of a mere \$65 a month. Raising the current threshold would not only promote and reward work, but it would also reduce SSI overpayments to individuals earning very small amounts from employment.

Another step that we should take is to continue an expiring program that helps SSI beneficiaries navigate program rules when they attempt to go to work. Since 2000, the Work Incentives Planning and Assistance program has served nearly half a million SSI

and SSDI recipients who are working or attempting to work, but the program is now expiring, and Congress, as with so many other areas, has failed to act.

I recently joined Congressman Becerra in introducing legislation to extend this program and a related one so that we help SSI recipients understand and comply when they move into work. This extension would be funded by the Social Security Administration's basic administration allocation, so taxpayers won't be out another dime to do it. We really need for the House to act on it.

I look forward to hearing our witnesses' views on these and other issues and continuing to work with you, Mr. Chairman. Thank you.

Chairman DAVIS. Thank you, Mr. Doggett.

I would like to remind our witnesses to limit your oral testimony to 5 minutes; however, without objection, all the written testimony will be included as part of the permanent record.

On our panel this afternoon, we will be hearing from Ms. Carolyn Colvin, Deputy Commissioner of the Social Security Administration; the Honorable Patrick P. O'Carroll, Jr., Inspector General of the Social Security Administration; Mr. Paul Soczynski, Director of Government Services, Accuity Solutions; Ms. Marty Ford, Director of Public Policy, The Arc of the United States; and Mr. Douglas Besharov, Professor, School of Public Policy, the University of Maryland.

Ms. Colvin, please proceed with your testimony.

**STATEMENT OF CAROLYN W. COLVIN,
DEPUTY COMMISSIONER, SOCIAL SECURITY ADMINISTRATION**

Ms. COLVIN. Chairman Davis, Ranking Member Doggett, and Members of the Subcommittee, thank you for inviting me here to discuss how we use technology to improve the administration of the Supplemental Security Income program, or SSI. I am Social Security's Deputy Commissioner and the Administration's accountable official for improper payments.

SSI is the safety net in the Social Security Act that guarantees a minimum income to individuals of limited means who are aged, blind, or disabled. In addition to a monthly benefit, SSI eligibility provides recipients in many States with access to Medicaid. We have administered SSI since the early seventies, when Congress created the program to replace a patchwork of State-run income-maintenance programs.

SSI turns 40 this year, and while we now use sophisticated technology to help us administer the program, the design of the program itself has remained largely unchanged. I would like to share with you today some of our best practices and the lessons we have learned over the last four decades.

While SSI has never been simple, over the years Congress and the courts have added many new rules which in turn have made SSI harder to manage. Nearly every change in an SSI beneficiary's life, from moving to a new apartment to a spouse picking up an extra shift at work, can affect the benefit. Due to the structure of the program, some improper payments are inevitable; however, we continuously look for ways to improve.

Our primary key to success is to regularly review our beneficiaries' records. These reviews, which we call redeterminations,

help to detect changes and to ensure that our information is current. We save \$6 in benefits for every dollar we spend, and our redetermination process is highly effective. When we complete more redeterminations, our payment accuracy rate goes up.

Another key to our success is our use of data analytics. We do not have the resources to review every case, so we use predictive models to help prioritize our program integrity workload. This modeling focuses our review on the cases with the greatest return on investment. In 2010, our predictive model for redeterminations helped us save \$1.2 billion more than what a random selection would have saved.

We have also learned how important technology is to helping us stay afloat amid staffing losses and growing workloads. While the SSI program requires the expertise of our trained employees, we successfully automated routine tasks, freeing our employees to focus on more difficult issues.

Verifying the resources of SSI beneficiaries is an important, but error-prone element of eligibility. Through our partnership with Accuity Solutions, we have developed a creative approach, the Access to Financial Institutions, or AFI, Project. AFI allows us to electronically verify bank account balances as well as discover undisclosed accounts. It is a significant improvement over the paper-based process it replaced and has been successful in helping ensure that we only pay the right people the right amount.

Technology can also make it easier for our beneficiaries to comply with program rules. One example is our SSI Telephone Wage Reporting System. This system allows individuals to update their wage amounts over the phone and correct their SSI payments before they are overpaid. This application has an additional simplification feature in that our records are directly updated with little or no employee intervention. We are now developing similar wage-reporting applications for the Internet and smartphone users.

The last best practice that I want to highlight addresses the importance of sharing data across government. We have learned that data matches are critical to detect when beneficiaries have not reported changes to us timely. Electronic data matches have improved our program-integrity efforts. We have numerous computer matches with Federal, State, and local organizations, and we are constantly looking for cost-effective ways to obtain new data that will improve our payment accuracy.

Our successes are largely dependent on sustained, adequate funding. I urge you to support the President's fiscal year 2013 budget request for SSA because we have proven that we deliver. Through the hard work of our employees and technological advancements, we have increased productivity by an average of about 4 percent in each of the last 5 years.

In closing, we continue to look for ways to simplify the SSI program. As we consider changes, we are also mindful of the need to balance benefit adequacy, benefit equity, and program integrity. We look forward to working with the Subcommittee on these important issues.

I am happy to answer any questions. Thank you.
Chairman DAVIS. Thank you very much, Ms. Colvin.
[The prepared statement of Ms. Colvin follows.]



HEARING BEFORE

THE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES

UNITED STATES HOUSE OF REPRESENTATIVES

JULY 25, 2012

STATEMENT

OF

CAROLYN W. COLVIN

DEPUTY COMMISSIONER

SOCIAL SECURITY ADMINISTRATION

Chairman Davis, Ranking Member Doggett, and Members of the Subcommittee:

I appreciate this opportunity to appear before the Subcommittee to discuss the lessons learned from the Social Security Administration's (SSA) management of the Supplemental Security Income (SSI) program. It has been 40 years since enactment of the *Social Security Amendments of 1972*, which created the SSI program. Undoubtedly, we have faced a number of significant challenges in administering SSI over the years, but I believe that the record will show that, with the help of this Subcommittee, we diligently manage this complex program.

In 1972, when the SSI program was established, Congress moved the responsibility for administering programs for needy aged, blind, and disabled individuals from the States to the Federal Government to provide a standard floor of income to these vulnerable individuals based on nationally uniform criteria. Congress designated SSA because of our existing infrastructure and reputation for accurate, efficient, and compassionate administration of the Social Security programs.

While there have been several major pieces of legislation changing eligibility provisions in the SSI program, such as the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* and the *Foster Care Independence Act of 1999*, the basic structure of the SSI program as a cash assistance, means-tested program of last resort has remained unchanged. As described in the Ways and Means report on the originating legislation¹:

The new program has been designed with a view toward providing:

- 1. An income source for the aged, blind, and disabled whose income and resources are below a specified level;*
- 2. Incentives and opportunities for those able to work or to be rehabilitated that will enable them to escape from their dependent situations; and,*
- 3. An efficient and economical method of providing this assistance.*

My testimony focuses on the last of these elements. Specifically, I will discuss what we have learned through 40 years of experience in providing assistance under a complex, means-tested program, and how we have used technology and other innovative approaches to efficiently and effectively make sure that only eligible individuals receive the right amount of benefits at the right time. I will highlight some of our recent innovations such as predictive modeling, data exchanges, and data mining, but it is also important to understand that successful administration of the very complex SSI program requires more than just technology; it requires an adequate number of well-trained Social Security staff. I must also note that I will only discuss how we determine eligibility and benefit amounts based on means testing. First, I will begin with a quick overview of the scope of the SSI program.

¹House Report No. 92-231, page 147

Our Beneficiaries

In calendar year 2011, 8.1 million aged, blind, and disabled individuals⁷ received SSI benefits on a monthly basis. For these beneficiaries, SSI is a vital lifeline that enables them to meet their basic needs of food, clothing, and shelter. In 2011, these beneficiaries received more than \$49 billion in Federal SSI benefits and an additional \$3.5 billion in State supplementary payments.

Slightly more than 2 million of the individuals receiving SSI are aged 65 or older. Of these, roughly half are aged 75 or older. Nearly 70 percent of those over 65 are female and many, if not most, are widowed or never married. SSI is a safety net under Social Security and, in fact, about 2.7 million SSI recipients also receive Social Security benefits. At the other end of the age spectrum, nearly 1.2 million disabled children under age 18 receive SSI benefits.

The 2012 Federal SSI benefit rate is \$698 a month, which is about 74 percent of the poverty level. Eligible couples—both of whom are aged, blind, or disabled—receive the Federal benefit rate of \$1,048, which is about 82 percent of the poverty level. There are about 281,000 eligible couples receiving SSI.

By any measure, SSI recipients are among the poorest of our citizens. For them, SSI is truly the program of last resort and is the safety net that protects them from complete impoverishment. We must be extremely careful that efforts to improve the program and increase administrative efficiency do not harm these most vulnerable members of our society. However, it is our obligation to the American taxpayer to ensure that payments made under the program are consistent with the program's requirements.

Program Complexity and Program Integrity Efforts

Means-testing adds to the complexity of any program. While the SSI program was never simple, it has become increasingly complex over the years. Congress has enacted a number of changes in response to concerns about how best to address the many events and situations that affect the SSI-eligible population.

Much of the program's complexities stem from the way SSI payments are calculated, which is defined by statute. Two factors used to determine an individual's monthly benefit are income and living arrangements. Income can be in cash or in kind, and is usually anything that a person receives that can be used to obtain food or shelter. It includes cash income such as wages, Social Security and other pensions, and unemployment compensation. In-kind income is food and shelter or something someone can use to obtain those items. Generally, the amount of the cash income or the value of the in-kind income is deducted from the Federal benefit rate, which is currently \$698 a month. After disregarding the first \$65 of earnings, we deduct \$1 for every \$2

⁷ Although the number of disabled recipients has risen in recent years, our allowance rates have not. In fact, our hearing level allowance rate *dropped* 5 percentage points in FY 2011 and another 5 percentage points so far this fiscal year.

of earnings. For other income—for example, Social Security—we reduce the benefit dollar-for-dollar after disregarding the first \$20.³

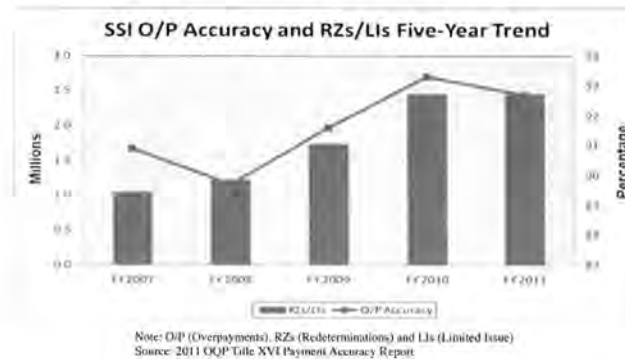
Individuals' SSI benefit amounts also may change if they move into a different "living arrangement"—whether a person lives alone or with others, or resides in a medical facility or other institution. For instance, when an individual moves into a nursing home, the person's monthly payment may be reduced to as little as \$30 per month. If the person moves from his or her own household into the household of another person, and that person provides food or shelter, the payment also may be reduced.

The value of an individual's resources also affects eligibility for the program. An individual is not eligible for benefits if his or her countable resources exceed \$2,000, and couples are not eligible if their countable resources exceed \$3,000. These resource limits have not been changed since 1989. In general, we count as resources items individuals can convert to cash and use for their support and maintenance, such as bank accounts, stocks, and bonds. Congress has amended the Act several times to add new resources exclusions, further increasing the complexity of the program. Our Application for Supplemental Security Income is a 22-page form that asks applicants questions about these and other issues. I am including a copy as part of my statement.

The design of the SSI program requires that we adjust benefit payments to account for these factors. We explain to SSI recipients that they must report these changes to us when they occur. Absent their timely reporting, it is difficult to obtain information about these changes in a prompt fashion, resulting in some erroneous payments. Additionally, even if individuals report in a timely manner, we are required to first provide written notification of how the change affects their benefit amounts and provide due process protections. This process delays adjusting payments to the correct amount. Furthermore, we generally make SSI payments on the first day of the month for eligibility in that month. Even if the payment is correct when paid, any changes that may occur during the month can affect the payment due, which can result in an overpayment or underpayment. Thus, the program requirements themselves sometimes cause erroneous payments.

Our overpayment accuracy rate reflects the complex nature of the SSI program. Still, we have improved. In FY 2008, our SSI overpayment accuracy rate was 89.7 percent. We continue to make positive strides; at the end of FY 2011 our overpayment accuracy was 92.7 percent. We were able to achieve this improvement in part by increasing the number of redeterminations of eligibility we conduct. Redeterminations are a process we use to re-examine recipients' income and resources to ensure that they are still eligible for monthly payments. Redeterminations are one of our most powerful program integrity tools. We estimate that every dollar spent on SSI redeterminations yields about \$6 in lifetime program savings, including Medicaid program effects. We have steadily increased the number of redeterminations we conduct each year since FY 2007. The following chart reflects the important connection between the number of redeterminations we complete—determined by our funding levels—and the accuracy of the SSI program.

³ The dollar amounts of the disregards in the previous two sentences have not changed since the originating SSI legislation was enacted in 1972.



Similar to redeterminations, we also conduct periodic medical continuing disability reviews (CDRs) to evaluate whether disabled SSI beneficiaries continue to meet the medical criteria for disability as required by the Social Security Act. We estimate that, on average, each dollar spent on SSI and Disability Insurance (DI) medical CDRs will yield about \$9 in lifetime program savings, including savings accruing to Medicare and Medicaid.

Lesson Learned: Predictive Models Help Prioritize Our Program Integrity Efforts

Predictive modeling techniques have proven to be immensely helpful to ensure that we use our resources effectively and efficiently.

We do not have the resources to conduct redeterminations on all 8.1 million SSI recipients every year. Using our SSI Redetermination Scoring Model, we target the cases most likely to be overpaid. In FY 2011 predictive modeling allowed us to prevent \$1.2 billion more in overpayments than what we would have otherwise identified through a random selection of cases.

The model has two parts: the first part predicts the probability that a case has an overpayment error and the second part predicts the potential dollar amount of the overpayment. At the start of every fiscal year, we run all SSI recipients through the model to prioritize error prone cases and schedule a redetermination. We also select for review the records that contain at least one issue that we need to further develop, such as undisclosed wages identified through our computer matching operations. We call these reviews "limited issues."

To help us determine how to prioritize our CDRs, we employ a series of statistical scoring models to predict the likelihood of medical improvement for adult beneficiaries who receive benefits due to disability. These statistical scoring models are based on our historical disability data and predict the likelihood of medical improvement at a given point in time. The disability

data we use to build these scoring models include a wide array of medical, demographic, and disability case-related information. These scoring models allow us to conduct CDRs in a cost-effective and efficient manner that is also less burdensome for disability beneficiaries.

Lesson Learned: Automation Helps Employees Focus on the Most Complex Issues

Automation assists our employees by doing some of the more routine work and freeing them up to focus on more complex work that cannot be automated. When we first began administering the SSI program, we stored most case information on paper in a claims folder, and the field office keyed the basic claim data into an electronic telecommunications terminal and transmitted it to the central office computer in Baltimore.

In 1992 we implemented our Modernized Supplemental Security Income Claims Systems (MSSICS), which guides our employees through collecting the information we need to determine eligibility and monthly payment amount. MSSICS also stores the claims file information, which has allowed us to move to fully electronic records.

We continue to modernize the capabilities of this case processing system. We have migrated to a web-based architecture that allows us to provide robust online services and additional time saving features for our employees. It is a gradual process because a complete conversion is a large effort that requires significant IT resources to accomplish.

Under the Social Security Act, we are required to verify from independent sources information supplied by applicants and to obtain from outside sources additional information that might bear on an individual's eligibility under the program.⁴ We are constantly trying to expand the pool of such data available to us or make the data available on a more timely or economical basis.

Resources in financial accounts are a leading cause of erroneous payments, and the existence and value of those accounts is one of the most difficult factors to verify. In 1998, we submitted a legislative proposal, which contained a provision requiring SSI applicants and beneficiaries to provide their authorization to obtain all financial records from all financial institutions as a condition of SSI eligibility. With the support of this Subcommittee, the provision was enacted in the *Foster Care Independence Act of 1999*. After we had the authority to obtain financial information, we needed a mechanism to do so. Therefore, we developed and implemented an innovative approach to access financial information, which we call Access to Financial Institutions (AFI).

We contract with a vendor, Accuity Solutions ("Accuity") to help us implement and maintain AFI. Accuity is our intermediary with the financial institution community. They recruit financial institutions to participate in AFI, train them, handle all communications, and troubleshoot when issues arise. They also reimburse the banks for the costs associated with supplying account data.

⁴ Section 1631(e)(1)(B)(i)

We recently integrated the AFI process into our SSI case processing system, which has allowed us to automatically obtain financial account information. This electronic process also enables us to check for undisclosed accounts at randomly-selected financial institutions located near the recipient's address.

We are always looking for smarter ways to handle our work. Building upon our AFI success, we are exploring the use of commercial databases to help us identify undisclosed non-home real property held by SSI applicants and recipients. This automated approach has the potential of helping us uncover unreported assets and improve the accuracy and integrity of the SSI program.

Lesson Learned: Automation Can Make it Easier for Our Beneficiaries

Wages are the second leading cause of improper payments in the SSI program. The SSI benefit is highly sensitive to fluctuations in income. SSI recipients must report changes in their wage amounts to us. However, recipients do not always report wages to us on a timely basis. Easy-to-access automation tools help our beneficiaries report changes that may affect their benefits. We created the SSI Telephone Wage Reporting System (SSITWR) to provide recipients with an easy way to report their wages to us that would also save resources by updating our records directly without requiring employee handling. The SSITWR system allows recipients to report their monthly wages using a toll-free, touch tone telephone system. When recipients report wages through SSITWR, the system automatically updates the SSI record, corrects the upcoming payment, if necessary, and issues a receipt to the caller.

Our tests have shown that the wage information we receive through SSITWR is highly accurate. Nevertheless, we crosscheck SSITWR reports against the wage information from the Office of Child Support Enforcement's National Directory of New Hires (NDNH) and our Master Earnings File.

We are currently developing an SSI Mobile Wage Reporting application, an extension of the SSITWR system, which will provide SSI recipients the ability to submit their wages via their mobile smart phones. Like its telephone counterpart, the mobile application will automatically update the SSI record, correct the upcoming payment, if necessary, and issue a receipt to the individual.

When recipients work but do not regularly report their wages, we must obtain the wage information directly from their employers. We are constantly searching for methods of quickly and efficiently gathering this information. We recently contracted with The Work Number, a large payroll processor, to provide us with immediate and online access to their large database of wages covering over 2,400 employers. Although we have been using The Work Number's services for some time, our new contract allows us to obtain more information immediately, saving our employees' time.

Lesson Learned: Electronic Data Matches Improve Our Program Integrity Efforts

Data exchanges are a cost-effective way to prevent and detect improper payments. For example, in FY 2008, for every dollar we spent on our quarterly wage match with the Office of Child Support Enforcement we saved about \$7 in SSI benefits.

We often verify the income and resources used in the SSI means test through data matches. Efficient, accurate, and timely exchanges of data promote good stewardship for all parties involved. We have over 1,500 exchanges with a wide-range of Federal, State, and local entities that provide us with information that we need to stop benefits completely or to change the amount of benefits we pay. For example, our exchange with the Office of Child Support Enforcement provides us with wage information, our exchange with the Internal Revenue Service provides us with data on income and asset ownership, and our exchange with the Department of Homeland Security provides us with data on recipients who have voluntarily left the country or have been deported. We also have about 2,300 exchanges with prisons that allow us to suspend benefits to prisoners quickly and efficiently.

We are bound by the Computer Matching and Privacy Protection Act, which requires us to independently verify and give due process before we adjust payment based on the information we obtain through interfaces. However, three of our matches— Department of Veterans Affairs, Office of Personnel Management, and Railroad Retirement Board— qualify for an exception from the requirements of the CMPPA and automatically update SSI records and adjust payment amounts. The rest of our interfaces create alerts our employees must investigate and resolve.

We appreciate the efforts made by the Chairman and members of the Subcommittee to establish uniform data exchange standards for certain Federal programs. We look forward to working with Congress to determine how best to establish uniform data exchange standards while promoting efficiency and maintaining security of our beneficiaries' private information.

Simplifying SSI

Tension exists between aspects of the SSI program and administrative efficiency. As I mentioned, the complexity of the SSI program is rooted in the requirement to determine eligibility using an extensive set of rules covering income, resources, living arrangements, and, for beneficiaries under age 65, a disability requirement. The program is designed to be responsive to the beneficiaries' changing circumstances and requires that they report any changes that may affect their eligibility or the amount of their monthly benefit.

Technology goes a long way in helping us administer the complex SSI program. However, technology and trained staff alone cannot eliminate the complexity. Over the years, we have undertaken a number of initiatives to simplify SSI both administratively and through legislative proposals, and Congress has acted on many of our proposals. While the enacted simplification proposals have been relatively minor in scope, they have had an incremental positive effect. However, significant fundamental program simplification efforts are difficult to achieve.

We will continue to search for ways to simplify SSI to make it easier for our beneficiaries to understand and easier for us to administer.⁵ More immediately, Congress could help disabled individuals understand and navigate the complex disability work incentive provisions of SSI and the Social Security Disability Insurance programs by reauthorizing the Work Incentive Planning and Assistance (WIPA) and the Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs. These programs have been reauthorized several times since they were created by the 1999 Ticket to Work legislation, but the most recent reauthorization was allowed to lapse at the end of Fiscal Year 2011. In January, we sent a draft bill to Congress to continue the programs.⁶ We look forward to working with the subcommittee to continue to address this challenge.

Adequate Funding is Critical

In FYs 2011 and 2012, the difference between the President's Budget and our appropriation was greater than in any other year of the previous two decades. In FY 2011, Congress rescinded \$275 million from our information technology (IT) carryover funding, which will hamper our efforts to improve our productivity through IT innovation. In FY 2012, Congress did not fully fund program integrity at the levels authorized by the Budget Control Act, limiting our ability to carry out required program integrity work.

For FY 2013, we are requesting \$11.760 billion for our administrative expenses, a modest increase from FY 2012, which includes the program integrity cap adjustments authorized by the Budget Control Act, and which would put Social Security on a ten-year path to eliminate the backlog in program integrity reviews.

Our FY 2013 budget request is lean. We have already curbed lower priority activities so that we can pursue two of our most important goals – eliminating the hearings backlog and focusing on program integrity work. It will be a challenge to achieve the goals associated with these priorities. We expect to lose 2,500-3,000 employees in FY 2012 on top of the more than 4,000 employees we already lost in FY 2011 due to prior budget cuts. At the end of this year, the agency will have about the same number of employees that we had in 2007 even though our work has increased dramatically.

I urge Congress to pass this level of funding because we have proven that we deliver. Through the hard work of our employees and technological advancements, we have increased employee productivity by an average of about four percent in each of the last five years. Few, if any, organizations have accomplished similar improvements.

⁵ A legislative proposal in the President's FY 2013 budget would conform the treatment of certain Federal, State, and local tax credits, which are now treated differently depending on the source of the credits. The proposal would simplify SSI policy and eliminate the administrative costs of determining whether such credits are excluded Federal payments or countable State or local payments.

⁶ A copy of that bill may be found at: <http://www.ssa.gov/legislation/Social%20Security%20Work%20Incentive%20Amendments%20of%202012.pdf>.

Conclusion

We are always working on improving our administration of the SSI program, focusing on how technology can make us more efficient. In the future, we are looking to offer mobile and online applications for reporting wages, online change of address and direct deposit, expanded use of Lexis-Nexis to verify real property, and numerous other projects designed to improve our service and ensure the integrity of our payments. Of course, these improvements depend on sustained and adequate funding to support them.

Ultimately, the administration of the SSI program, due to its complexity, remains labor-intensive. While modern technology has enabled us to incorporate new processes and new data sources, our employees are essential to ensuring the integrity of the SSI program. Our employees do a great job navigating the complexity of this program and quickly delivering accurate benefits to people who desperately need them, all with great compassion and skill.

Thank you and I am happy to answer any questions you may have.

Attachment: Application for Supplemental Security Income (SSA-8000)

SOCIAL SECURITY ADMINISTRATION <input type="checkbox"/> TEL	Form Approved OMB No. 0960-0229																				
APPLICATION FOR SUPPLEMENTAL SECURITY INCOME (SSI)																					
Note: Social Security Administration staff or others who help people apply for SSI will fill out this form for you.																					
<p>I am/We are applying for Supplemental Security Income and any federally administered state supplementation under Title XVI of the Social Security Act, for benefits under the other programs administered by the Social Security Administration, and where applicable, for medical assistance under Title XIX of the Social Security Act.</p>	Do Not Write in This Space DATE STAMP <hr/> Filing Date (month, day, year) <input type="checkbox"/> Receipt <input type="checkbox"/> Protective <input type="checkbox"/> FS-SSA/APP <input type="checkbox"/> FS-REFERRED Preferred Language Written: Spoken:																				
TYPE OF CLAIM <input type="checkbox"/> Individual <input type="checkbox"/> Individual with Ineligible Spouse <input type="checkbox"/> Couple <input type="checkbox"/> Child <input type="checkbox"/> Child with Parents																					
PART I--BASIC ELIGIBILITY-- Answer the questions below beginning with the first moment of the filing date month.																					
1.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 45%; padding: 2px;">(a) First Name, Middle Initial, Last Name</td> <td style="width: 10%; padding: 2px;">Sex <input type="checkbox"/> Male <input type="checkbox"/> Female</td> <td style="width: 15%; padding: 2px;">Birthdate (month, day, year)</td> <td style="width: 30%; padding: 2px;">Social Security Number</td> </tr> <tr> <td colspan="2" style="padding: 2px;">(b) Did you ever use any other names (including maiden name) or any other Social Security Numbers?</td> <td colspan="2" style="padding: 2px;"><input type="checkbox"/> YES Go to (c) <input type="checkbox"/> NO Go to (d)</td> </tr> <tr> <td colspan="2" style="padding: 2px;">(c) Other Name(s):</td> <td colspan="2" style="padding: 2px;">Other Social Security Number(s) used</td> </tr> <tr> <td colspan="4" style="padding: 2px;">(d) If you are also filing for Social Security Benefits, go to #2; otherwise complete the following:</td> </tr> <tr> <td colspan="2" style="padding: 2px;">Mother's Maiden Name:</td> <td colspan="2" style="padding: 2px;">Father's Name: Go to #2</td> </tr> </table>	(a) First Name, Middle Initial, Last Name	Sex <input type="checkbox"/> Male <input type="checkbox"/> Female	Birthdate (month, day, year)	Social Security Number	(b) Did you ever use any other names (including maiden name) or any other Social Security Numbers?		<input type="checkbox"/> YES Go to (c) <input type="checkbox"/> NO Go to (d)		(c) Other Name(s):		Other Social Security Number(s) used		(d) If you are also filing for Social Security Benefits, go to #2; otherwise complete the following:				Mother's Maiden Name:		Father's Name: Go to #2	
(a) First Name, Middle Initial, Last Name	Sex <input type="checkbox"/> Male <input type="checkbox"/> Female	Birthdate (month, day, year)	Social Security Number																		
(b) Did you ever use any other names (including maiden name) or any other Social Security Numbers?		<input type="checkbox"/> YES Go to (c) <input type="checkbox"/> NO Go to (d)																			
(c) Other Name(s):		Other Social Security Number(s) used																			
(d) If you are also filing for Social Security Benefits, go to #2; otherwise complete the following:																					
Mother's Maiden Name:		Father's Name: Go to #2																			
2.	Applicant's Mailing Address (Number & Street, Apt. No. P.O. Box, Rural Route) <hr/> City and State ZIP Code County																				
3.	Claimant's Residence Address (If different from applicant's mailing address) <hr/> City and State ZIP Code County																				
4.	DIRECT DEPOSIT PAYMENT ADDRESS (FINANCIAL INSTITUTION) <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; padding: 2px;">Routing Transit Number</td> <td style="width: 25%; padding: 2px;">Account Number</td> <td style="width: 25%; padding: 2px;"><input type="checkbox"/> Checking</td> <td style="width: 25%; padding: 2px;"><input type="checkbox"/> Enroll in Direct Express</td> </tr> <tr> <td colspan="2"></td> <td style="padding: 2px;"><input type="checkbox"/> Savings</td> <td style="padding: 2px;"><input type="checkbox"/> Direct Deposit Refused</td> </tr> </table>	Routing Transit Number	Account Number	<input type="checkbox"/> Checking	<input type="checkbox"/> Enroll in Direct Express			<input type="checkbox"/> Savings	<input type="checkbox"/> Direct Deposit Refused												
Routing Transit Number	Account Number	<input type="checkbox"/> Checking	<input type="checkbox"/> Enroll in Direct Express																		
		<input type="checkbox"/> Savings	<input type="checkbox"/> Direct Deposit Refused																		

7. (d) If you were unable to work because of illnesses, injuries, or conditions before you were age 22, do you have a parent who is age 62 or older, unable to work because of illnesses, injuries or conditions, or deceased?

YES Parent's Name: _____
 Social Security Number: _____
 Address: _____

NO Go to #8

(e) When did the child become disabled? (month, day, year) Go to (f)

(f) What are the child's disabling illnesses, injuries or conditions?

Go to (g)

(g) Does the child have a parent(s) who is age 62 or older, unable to work because of illness, injuries, or conditions, or deceased?

YES Parent's Name: _____
 Social Security Number: _____
 Address: _____

NO Go to #E

8.	Birthplace	City	State	Country (if other than the U.S.)
	You			
	Your Spouse, if filing			

Go to #E

9. Are you a United States citizen by birth?	<input type="checkbox"/> YES Go to #15	<input type="checkbox"/> NO Go to #10	<input type="checkbox"/> YES Go to #15	<input type="checkbox"/> NO Go to #10
10. Are you a naturalized United States citizen?	<input type="checkbox"/> YES Go to #15	<input type="checkbox"/> NO Go to #11	<input type="checkbox"/> YES Go to #15	<input type="checkbox"/> NO Go to #11
11. (a) Are you an American Indian born outside the United States?	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to (c)	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to (c)
(b) Check the block that shows your American Indian status.				
You		Your Spouse, if filing		
<input type="checkbox"/> American Indian born in Canada Go to #15	<input type="checkbox"/> American Indian born in Canada Go to #15			
<input type="checkbox"/> Member of a Federally recognized Indian Tribe; Name of Tribe Go to #15	<input type="checkbox"/> Member of a Federally recognized Indian Tribe; Name of Tribe Go to #15			
<input type="checkbox"/> Other American Indian Explain in Remarks, then Go to (c)	<input type="checkbox"/> Other American Indian Explain in Remarks, then Go to (c)			

11. (c) Check the block below that shows your current immigration status

You	Your Spouse, if filing
<input type="checkbox"/> Amerasian Immigrant Go to #12	<input type="checkbox"/> Amerasian Immigrant Go to #12
<input type="checkbox"/> Lawful Permanent Resident Go to #12	<input type="checkbox"/> Lawful Permanent Resident Go to #12
<input type="checkbox"/> Refugee Date of entry: Go to #14	<input type="checkbox"/> Refugee Date of entry: Go to #14
<input type="checkbox"/> Asylee Date status granted: Go to #14	<input type="checkbox"/> Asylee Date status granted: Go to #14
<input type="checkbox"/> Conditional Entrant Date status granted: Go to #14	<input type="checkbox"/> Conditional Entrant Date status granted: Go to #14
<input type="checkbox"/> Parolee for One Year Go to #14	<input type="checkbox"/> Parolee for One Year Go to #14
<input type="checkbox"/> Cuban/Haitian Entrant Go to #14	<input type="checkbox"/> Cuban/Haitian Entrant Go to #14
<input type="checkbox"/> Deportation/Removal Withheld Date: Go to #14	<input type="checkbox"/> Deportation/Removal Withheld Date: Go to #14
<input type="checkbox"/> Other Explain in Remarks, then Go to (d)	<input type="checkbox"/> Other Explain in Remarks, then Go to (d)

(d) If you have status, or have applied for status as the spouse, child, or parent of a child of a US citizen, or lawfully admitted permanent resident alien, Go to #13; otherwise Go to #15.

12. If you are lawfully admitted for permanent residence:

(a) Date of Admission	You (month, day, year)	Your Spouse (month, day, year)
(b) Was your entry into the United States sponsored by any person or promoted by an institution or group?	<input type="checkbox"/> YES Go to (c) <input type="checkbox"/> NO Go to (d)	<input type="checkbox"/> YES Go to (c) <input type="checkbox"/> NO Go to (d)
(c) Give the following information about the person, institution, or group, then Go to (d):		
Name	Address	Telephone Number
		() -
(d) What was your immigration status, if any, before adjustment to lawful permanent resident?	You	Your Spouse, if filing
	Status: _____ (month, day, year)	Status: _____ (month, day, year)
	From: _____ To: _____	From: _____ To: _____ Go to (e)
(e) If filing as an adult, did your parents ever work in the United States before you were age 18?	<input type="checkbox"/> YES Go to (f) <input type="checkbox"/> NO Go to #14	<input type="checkbox"/> YES Go to (f) <input type="checkbox"/> NO Go to #14
(f) Name and Social Security Number of parent(s) who worked.		
Name	Social Security Number	
Name	Social Security Number	

19.	(b) In which state or country was the warrant issued?	Name of State/Country Go to (c)	Name of State/Country Go to (c)
	(c) Was the warrant satisfied?	<input type="checkbox"/> YES <input type="checkbox"/> NO Go to (d) Go to #20	<input type="checkbox"/> YES <input type="checkbox"/> NO Go to (d) Go to #20
	(d) Date warrant satisfied	(month, day, year)	(month, day, year)

PART II - LIVING ARRANGEMENTS - The questions in this section refer to the signature date.

20. Check the block which best describes your present living situation:

<input type="checkbox"/> Household	Since (month, day, year)	Go to #25
<input type="checkbox"/> Non-Institutional Care	Since (month, day, year)	Go to #23
<input type="checkbox"/> Institution	Since (month, day, year)	Go to #21
<input type="checkbox"/> Transient or homeless	Since (month, day, year)	Go to #38

INSTITUTION

21. Check the block that identifies the type of institution where you currently reside, then Go to #22:

<input type="checkbox"/> School	<input type="checkbox"/> Rehabilitation Center
<input type="checkbox"/> Hospital	<input type="checkbox"/> Jail
<input type="checkbox"/> Rest or Retirement Home	<input type="checkbox"/> Other (Specify)
<input type="checkbox"/> Nursing Home	

22. Give the following information about the INSTITUTION:

(a) Name of institution: _____

(b) Date of admission: _____

(c) Date you expect to be released from this institution: _____

Go to #38

NON-INSTITUTIONAL CARE

23. Check the block that best describes your current residence, then Go to #24:

<input type="checkbox"/> Foster Home	<input type="checkbox"/> Group Home	<input type="checkbox"/> Other (Specify)
--------------------------------------	-------------------------------------	--

24. Give the following information about your Noninstitutional Care:

(a) Name of facility where you live: _____

24.	(b) Name of placing agency	Address	Telephone Number
			() -

(c) Does this agency pay for your room and board?
 YES Go to #38 NO If NO, who pays? Go to #38

HOUSEHOLD ARRANGEMENTS

25. Check the block that describes your current residence, then Go to #26:

<input type="checkbox"/> House	<input type="checkbox"/> Mobile Home
<input type="checkbox"/> Apartment	<input type="checkbox"/> Houseboat
<input type="checkbox"/> Room (private home)	<input type="checkbox"/> Other (Specify)
<input type="checkbox"/> Room (commercial establishment)	

26. Do you live alone or only with your spouse? YES Go to #28 NO Go to #27

27. (a) Give the following information about everyone who lives with you:

Name	Relationship	Public Assistance		Sex		Birthdate mm/dd/yy	Blind or Disabled		If Under 22				Social Security Number	
		YES	NO	M	F		YES	NO	Married		Student			
									YES	NO	YES	NO		

27.	(b) Does anyone listed in 27(a) who is under age 18, OR between ages 18-22 and a student, receive income?	<input type="checkbox"/> YES Go to (c)	<input type="checkbox"/> NO Go to #28
	(c) Child Receiving Income	Source and Type	Monthly Amount
			\$
			\$
			\$
			\$
			\$
			\$
			\$
28.	(a) Do you (or does anyone who lives with you) own or rent the place where you live?	<input type="checkbox"/> YES Go to #29	<input type="checkbox"/> No Go to (b)
	(b) Name of person who owns or rents the place where you live	Address	Telephone Number
			() -
	(c) If you live alone or only with your spouse, and do not own or rent, Go to #38; otherwise, Go to #32.		
29.	(a) Are you (or your living with spouse) buying or do you own the place where you live?	<input type="checkbox"/> YES Go to (c)	<input type="checkbox"/> No If you are a child living with your parent(s) Go to (b); otherwise Go to #30
	(b) Are your parent(s) buying or do they own the place where you live?	<input type="checkbox"/> YES Go to (c)	<input type="checkbox"/> NO Go to #30
	(c) What is the amount and frequency of the mortgage payment?		
	Amount: \$	Frequency of Payment:	Go to (d)
	(d) If you are a child living only with your parents, or only with your parents and their other children who are subject to deeming, or with others in a public assistance household, or living alone or with your spouse, Go to #38; otherwise Go to #32.		
30.	(a) Do you (or your living with spouse) have rental liability for the place where you live?	<input type="checkbox"/> YES Go to (d)	<input type="checkbox"/> NO If you are a child living with your parent(s) Go to (b); otherwise Go to (c)
	(b) Does your parent(s) have rental liability?	<input type="checkbox"/> YES Go to (d)	<input type="checkbox"/> NO Go to (c)

30. (c) Does anyone who lives with you have rental liability for the place where you live?		
<input type="checkbox"/> YES Give name of person with rental liability: _____ Go to #31		
<input type="checkbox"/> NO Give name of person with home ownership: _____ Go to #32		
(d) What is the amount and frequency of the rent payment?		
Amount: \$ _____		Frequency of Payment: _____ Go to #31
31. (a) Are you (or anyone who lives with you) the parent or child of the landlord or the landlord's spouse?		
<input type="checkbox"/> YES Go to (b) <input type="checkbox"/> NO Go to (c)		
(b) Name of person related to landlord or landlord's spouse	Relationship	Name and address of landlord (include telephone number and area code, if known):
(c) If you are a child living only with your parents, or only with your parents and their other children who are subject to deeming, or with others in a public assistance household, or living alone or with your spouse, Go to #38.		
32. (a) Does anyone living with you contribute to the household expenses? (NOTE: See list of household expenses in #37)		
<input type="checkbox"/> YES Go to (b) <input type="checkbox"/> NO Go to #33		
(b) Amount others contribute: \$ _____ Go to #33		
33. (a) Do you eat all your meals out?		
<input type="checkbox"/> YES Go to #34 <input type="checkbox"/> NO Go to (b)		
(b) Do you buy all your food separately from other household members?		
<input type="checkbox"/> YES Go to #34 <input type="checkbox"/> NO Go to #34		
34. Do you contribute to household expenses?		
<input type="checkbox"/> YES Average Monthly Amount: \$ _____ Go to #35		
<input type="checkbox"/> NO Go to #35		
35. (a) Do you have a loan agreement with anyone to repay the value of your share of the household expenses?		
<input type="checkbox"/> YES Go to (b) <input type="checkbox"/> NO Go to #35(d)		
(b) Give the name, address and telephone number of the person with whom you have a loan agreement :		
(c) Will the amount of this loan cover your share of the household expenses?		
<input type="checkbox"/> YES Go to #38 <input type="checkbox"/> NO Go to (d)		
(d) If you contribute toward household expenses and you answered "NO" to both 33(a) & (b), Go To #36. If you answered "YES" to either 33(a) or 33(b), Go to #37. If you do not contribute toward household expenses, go to #38.		
36. (a) Is part or all of the amount in #34 just for food?		
<input type="checkbox"/> YES Give Amount: \$ _____ Go to (b) <input type="checkbox"/> NO Go to (b)		
(b) Is part or all of the amount in #34 just for shelter?		
<input type="checkbox"/> YES Give Amount: \$ _____ Go to #37 <input type="checkbox"/> NO Go to #37		

37. What is the average monthly amount of the following household expenses:
(Show average over the past 12 months unless you have been residing at your present address less than 12 months. If so, show average for the months you have resided at your present address.)

CASH EXPENSES	AVERAGE MONTHLY AMOUNT
Food (complete only if #33(a) & (b) are answered NO)	\$ _____
Mortgage or Rent	\$ _____
Property Insurance (if required by mortgage lender)	\$ _____
Real Property Taxes	\$ _____
Electricity	\$ _____
Heating Fuel	\$ _____
Gas	\$ _____
Sewer	\$ _____
Garbage Removal	\$ _____
Water	\$ _____
TOTAL	\$ _____ Go to #38

38. (a) Does anyone who does NOT LIVE with you pay for, or provide you or your household (if applicable), any of your food or shelter items?

YES Name of Provider (Person or Agency) _____
 List of Items _____
 Monthly Value: \$ _____

NO Go to (b)

(b) Does anyone who does NOT LIVE with you give you, or your household (if applicable), money to pay for any of your or your household's food or shelter items?

YES Name of Provider (Person or Agency) _____
 List of Items _____
 Monthly Value: \$ _____

NO Go to #39

39. (a) Has the information given in #20-38 been the same since the first moment of the filing date month?	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Explain in Remarks, then Go to (b)
(b) Do you expect any of this information to change?	<input type="checkbox"/> YES Explain in Remarks, then Go to #40	<input type="checkbox"/> NO Go to #40

PART III - RESOURCES - The questions in this section pertain to the first moment of the filing date month.

40. (a) Do you own, or does your name appear (alone or with any other person's name) on the title of any vehicles (auto, truck, motorcycle, camper, boat, etc.)?	You		Your Spouse	
	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to #41	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to #41

40.	(b) Owner's Name	Description (Year, Make & Model)	Used For	Current Market Value	Amount Owed
				\$	\$
				\$	\$
				\$	\$
				\$	\$

41.	(a) Do you own or are you buying any life insurance policies?	You <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #42	Your Spouse <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #42																																				
	(b) <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:10%;"></th> <th style="width:20%;">Owner's Name</th> <th style="width:20%;">Name of Insured</th> <th style="width:20%;">Name & Address of Insurance Company</th> <th style="width:30%;">Policy Number</th> </tr> <tr> <td>Policy (#1)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Policy (#2)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Policy (#3)</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>		Owner's Name	Name of Insured	Name & Address of Insurance Company	Policy Number	Policy (#1)					Policy (#2)					Policy (#3)																						
	Owner's Name	Name of Insured	Name & Address of Insurance Company	Policy Number																																			
Policy (#1)																																							
Policy (#2)																																							
Policy (#3)																																							
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th rowspan="2"></th> <th rowspan="2">Face Value</th> <th rowspan="2">Cash Surrender Value</th> <th rowspan="2">Date of Purchase</th> <th colspan="2">Dividends</th> <th colspan="2">Accumulations</th> </tr> <tr> <th>YES</th> <th>NO</th> <th>YES</th> <th>NO</th> </tr> <tr> <td>Policy (#1)</td> <td style="text-align:center;">\$</td> <td style="text-align:center;">\$</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Policy (#2)</td> <td style="text-align:center;">\$</td> <td style="text-align:center;">\$</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Policy (#3)</td> <td style="text-align:center;">\$</td> <td style="text-align:center;">\$</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>		Face Value	Cash Surrender Value	Date of Purchase	Dividends		Accumulations		YES	NO	YES	NO	Policy (#1)	\$	\$						Policy (#2)	\$	\$						Policy (#3)	\$	\$							
	Face Value					Cash Surrender Value	Date of Purchase	Dividends		Accumulations																													
		YES	NO	YES	NO																																		
Policy (#1)	\$	\$																																					
Policy (#2)	\$	\$																																					
Policy (#3)	\$	\$																																					
	(c) Loans Against Policy? <input type="checkbox"/> YES <input type="checkbox"/> NO Policy Number: _____ Amount: \$ _____ Go to #42																																						

42.	(a) Do you (either alone or jointly with any other person) own any:	You YES NO	Your Spouse YES NO
	Life estates or ownership interest in an unprobated estate?		
	Items acquired or held for their value as an investment?	<input type="checkbox"/>	<input type="checkbox"/>

42. (b) Give the following information for any "Yes" answer in #42(a); otherwise, Go to #43.

Owner's Name	Name of Item	Value	Amount Owed	Give Name & Address of Bank or Other Organization
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	

43. (a) Do you own, or does your name appear on (either alone or with any other person's name) any of the following items?

	You		Your Spouse	
	YES	NO	YES	NO
Cash at home, with you, or anywhere else				
Financial Institution Accounts				
Checking				
Savings				
Credit Union				
Christmas Club				
Time Deposits/Certificates of Deposit				
Individual Indian Money Account				
Other (Including IRAs and Keough Accounts)				

(b) If all the items in #43(a) are answered "NO", Go to #44. For any "YES" answer, give the following information:

Owner's/Trustee's Name	Name of Item	Value	Name & Address of Bank or Other Organization	Identifying Number
		\$		
		\$		
		\$		

44. (a) Do you give us permission to obtain any financial records from any financial institution?	You		Your Spouse, if filing	
	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to (b)	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to (b)
(b) Do you own or does your name appear on any of the following items:	You		Your Spouse	
	YES	NO	YES	NO
Stocks or Mutual Funds				
Bonds (Including U.S. Savings Bonds)				
Promissory Notes				
Trusts				
Other items that can be turned into cash				
(c) If all the items in #44(b) are answered "NO", Go to #45. For any "YES" answer, give the following information:				
Owner's/Trustee's Name	Name of Item	Value	Name & Address of Bank or Other Organization	Identifying Number
		\$		
		\$		
		\$		
		\$		
45. (a) Do you own, or does your name appear (alone or with any other person's name) on any land, houses, buildings, real property, property in foreign country, equipment, mineral rights, items in a safe deposit box, assets set aside for emergencies or heirs, or any other property of any kind that has not been shown anywhere else on the application	You		Your Spouse	
	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to #46	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to #46
(b) Describe the property (including size, location, and how it is used. If the property is not used now, when was it last used? Do you plan to use the property in the future?				
Item #1				
Item #2				

45.	Owner's Name	Estimated Current Market Value	Tax Assessed Value	Mortgage	Owed on Item
		\$	\$	\$	\$
		\$	\$	\$	\$
		\$	\$	\$	\$

46.	(a) Have you or your spouse acquired any assets since the first moment of the filing date month?	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to (c)
	(b) Explain:		
	(c) Has there been any increase or decrease in the value of you or your spouse's resources since the first moment of the filing date month?	<input type="checkbox"/> YES Go to (d)	<input type="checkbox"/> NO Go to #47
	(d) Explain:		

47.	(a) Have you or your spouse sold, transferred title, disposed of or given away, any money or other property, (including money or property in foreign countries), since the first moment of the filing date month or within the 36 months prior to the filing date month?	You <input type="checkbox"/> YES <input type="checkbox"/> NO	Your Spouse <input type="checkbox"/> YES <input type="checkbox"/> NO
		Go to (b)	Go to (b)
	(b) If you co-owned any money or property with another person(s), did you or any co-owner sell, transfer, or give away any co-owned money or property within the 36 months prior to the filing date month?	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
	IF YOU ANSWERED "YES" TO (a) OR (b), GO TO (c). IF "NO" TO BOTH, GO TO #48.		
	(c)	OWNER'S/CO-OWNERS NAME	DESCRIPTION OF PROPERTY
	ITEM #1		DATE OF DISPOSAL
	ITEM #2		
	ITEM #3		
	NAME AND ADDRESS OR PURCHASER OR RECIPIENT	RELATIONSHIP TO OWNER	VALUE OF PROPERTY AND/OR AMOUNT OF CASH GIFT
	ITEM #1		\$

47.	ITEM #2		\$
	ITEM #3		\$
		SALES PRICE OR OTHER CONSIDERATION	ARE OTHER CONSIDERATION OR PROCEEDS EXPECTED? EXPLAIN.
	ITEM #1		DO YOU STILL OWN PART OF THE PROPERTY?
	ITEM #2		
	ITEM #3		
		SOLD ON OPEN MARKET?	GIVEN AWAY?
	ITEM #1	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
	ITEM #2	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
	ITEM #3	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO

48.	(a) Do you have any assets set aside for burial expenses such as burial contracts, trusts, agreements, or anything else you intend for your burial expenses? Include any items mentioned in #41 and #43-47.	You <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #49	Your Spouse <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #49
	(b) DESCRIPTION (Where appropriate, give name & address of organization and account/ policy number.)	VALUE	WHEN SET ASIDE <small>(month, day, year)</small>
	Item 1	\$	
	Item 2	\$	
	FOR WHOSE BURIAL	IS ITEM IRREVOCABLE?	WILL INTEREST EARNED OR APPRECIATION IN VALUE REMAIN IN THE BURIAL FUND?
	Item 1	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES Go to #49 <input type="checkbox"/> NO Explain in (c)
	Item 1	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES Go to #49 <input type="checkbox"/> NO Explain in (c)
	(g) EXPLANATION		

49. (a) Do you own any cemetery lots, crypts, caskets, vaults, urns, mausoleums, or other repositories for burial or any headstones or markers?		You <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #50		Your Spouse <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #50	
(b) Owner's Name	Description	For Whose Burial	Relationship to You or Your Spouse	Current Market Value	
				\$	
				\$	
				\$	
Go to #50					

PART IV -- INCOME

50. (a) Since the first moment of the filing date month, have you (or your spouse) received or do you (or your spouse) expect to receive income in the next 14 months from any of the following sources?	You		Your Spouse	
	YES	NO	YES	NO
State or Local Assistance Based on Need				
Refugee Cash Assistance				
Temporary Assistance for Needy Families				
General Assistance from the Bureau of Indian Affairs				
Disaster Relief				
Veteran Benefits Based on Need (Paid Directly or Indirectly as a Dependent)				
Veteran Payments Not Based on Need (Paid Directly or Indirectly as a Dependent)				
Other Income Based on Need				
Social Security				
Black Lung				
Railroad Retirement Board Benefits				
Office of Personnel Management (Civil Service)				
Pension (Foreign Military, State, Local, Private, Union, Retirement or Disability)				
Military Special Pay or Allowance				
Unemployment Compensation				

50.	Workers' Compensation				
	State Disability				
	Insurance or Annuity Payments				
	Dividends/Royalties				
	Rental/Lease Income Not from a Trade or Business				
	Alimony				
	Child Support				
	Other Bureau of Indian Affairs Income				
	Gambling/Lottery Winnings				
	Other Income or Support				

(b) Give the following information for any block checked YES in #50(a); otherwise, Go to #51

Person Receiving Income	Type of Income	Amount Received	Frequency of Payment	Date Expected or Received	Source (Name, Address of Person, Bank, Organization or Company)	Identifying Number
		\$				
		\$				
		\$				

IF YOU EVER RECEIVED SSI BEFORE, GO TO #51; OTHERWISE GO TO #52

51. Are any overpayments being collected from benefits you receive from the Social Security Administration, Railroad Retirement Board, Office of Personnel Management, Veterans' Affairs, Military Pensions, Military Special Pay Allowances, Black Lung, Workers' Compensation, or State Disability or Unemployment Benefits?	You		Your Spouse	
	<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> YES	<input type="checkbox"/> NO
52. Since the first moment of the filing date month, have you received or do you expect to receive any meals or other gifts which are not cash?	<input type="checkbox"/> YES		<input type="checkbox"/> YES	
	<input type="checkbox"/> NO		<input type="checkbox"/> NO	
53. (a) Have you (or your spouse) received wages or sick pay since the first moment of the filing date month through the current month?	<input type="checkbox"/> YES		<input type="checkbox"/> YES	
	<input type="checkbox"/> NO		<input type="checkbox"/> NO	

(b) Name and Address of Employer (include telephone number and area code, if known)

You	Your Spouse
Go to (c)	Go to (c)

53.	(c) Date last worked (month, day, year)		Date last paid (month, day, year)		Date next paid (month, day, year)				
	You								
	Your Spouse								
		(d) Total monthly wages received (before any deductions)		Your Amount \$		Your Spouse's Amount \$			
		(e) Do you (or your spouse) expect to receive any wages in the next 14 months?		You <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (f) Go to #54		Your Spouse <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (f) Go to #54			
(f) Name and address of employer if different from #53(b) (include telephone number, if known)									
You				Your Spouse					
(g) Give the following information:									
		RATE OF PAY	AMOUNT WORKED PER PAY PERIOD	HOW OFTEN PAID	PAY DAY OR DATE PAID	DATE LAST PAID (month, day, year)			
You	\$								
Your Spouse	\$								
		(h) Do you expect any change in wage information provided in #53(g)		You <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (i) Go to #54		Your Spouse <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (i) Go to #54			
(i) Explain Change:									
You				Your Spouse					
54.	(a) Have you been self-employed at any time since the beginning of the taxable year in which the filing date month occurs or do you expect to be self-employed in the current taxable year?		You <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #55		Your Spouse <input type="checkbox"/> YES <input type="checkbox"/> NO Go to (b) Go to #55				
	(b) Give the following information; then Go to #55								
Date(s) Self-Employed		Type of Business		Last Year's: Gross Income \$		Last Year's: Net Profit \$		Last Year's: Net Loss \$	
Date(s) Self-Employed		Type of Business		This Year's: Gross Income \$		This Year's: Net Profit \$		This Year's: Net Loss \$	

56.	If you or your spouse are blind or disabled, do you have any special expenses that you paid which are necessary for you to work?		You <input type="checkbox"/> YES Explain in Remarks; then Go to #58 <input type="checkbox"/> NO Go to #56		Your Spouse <input type="checkbox"/> YES Explain in Remarks; then Go to #56 <input type="checkbox"/> NO Go to #58	
	(a) Does your spouse/parent who lives with you have to pay court-ordered support?		<input type="checkbox"/> YES Go to (b)		<input type="checkbox"/> NO Go to NOTE	
	(b) Give amount and frequency of court-ordered support payment.		Amount: \$		Frequency: Go to (c)	
(c) Give the following information about the person who receives these payments:		Name:		Address:		
NOTE: IF YOU ARE FILING AS A CHILD AND YOU ARE EMPLOYED OR AGE 18 - 22 (WHETHER EMPLOYED OR NOT), GO TO #57; OTHERWISE, GO TO #58.						
57.	(a) Have you attended school regularly since the filing date month?		<input type="checkbox"/> YES Go to (d)		<input type="checkbox"/> NO Go to (b)	
	(b) Have you been out of school for more than 4 calendar months?		<input type="checkbox"/> YES Go to (c)		<input type="checkbox"/> NO Go to (c)	
	(c) Do you plan to attend school regularly during the next 4 months?		<input type="checkbox"/> YES Explain absence in Remarks and Go to (d)		<input type="checkbox"/> NO Go to #58	
	(d) Name of School		Name of School Contact		Dates of Attendance From To	
		Phone Number		Hours Attending or Planning to Attend		
				Course of Study		

PART V - POTENTIAL ELIGIBILITY FOR FOOD STAMPS/MEDICAL ASSISTANCE/OTHER BENEFITS - If a California resident, Skip to #59

58.	(a) Are you currently receiving food stamps?		You <input type="checkbox"/> YES Go to (b) <input type="checkbox"/> NO Go to (c)		Your Spouse, if filing <input type="checkbox"/> YES Go to (b) <input type="checkbox"/> NO Go to (c)		
	(b) Have you received a recertification notice within the past 30 days?		<input type="checkbox"/> YES Go to (e) <input type="checkbox"/> NO Go to #59		<input type="checkbox"/> YES Go to (e) <input type="checkbox"/> NO Go to #59		
	(c) Have you filed for food stamps in the last 60 days?		<input type="checkbox"/> YES Go to (d) <input type="checkbox"/> NO Go to (e)		<input type="checkbox"/> YES Go to (d) <input type="checkbox"/> NO Go to (e)		
	(d) Have you received an unfavorable decision?		<input type="checkbox"/> YES Go to (e) <input type="checkbox"/> NO Go to #59		<input type="checkbox"/> YES Go to (e) <input type="checkbox"/> NO Go to #59		
	(e) If everyone in the household receives or is applying for SSI, Go to (f); otherwise Go to #59.						
	(f) May I take your food stamp application today?		<input type="checkbox"/> YES Go to #59 <input type="checkbox"/> NO Explain in (g)		<input type="checkbox"/> YES Go to #59 <input type="checkbox"/> NO Explain in (g)		
	(g) Explanation:						

59. You may be eligible for Medicaid. However, you must help your State identify other sources that pay for medical care. Also, you must give information to help the State get medical support for any child(ren) who is your legal responsibility. This includes information to help the State determine who a child's father is. If you want Medicaid, you must agree to allow your State to seek payments from sources, such as insurance companies, that are available to pay for your medical care. This includes payments for medical care for you or any person who receives Medicaid and is your legal responsibility. The State cannot provide you Medicaid if you do not agree to this Medicaid requirement. If you need further information, you may contact your Medicaid Agency.

IN STATES WITH AUTOMATIC ASSIGNMENT OF RIGHTS LAWS, Go to (b).

(a) Do you agree to assign your rights (or the rights of anyone for whom you can legally assign rights) to payments for medical support and other medical care to the State Medicaid agency?	You		Your Spouse, if filing	
	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to #60	<input type="checkbox"/> YES Go to (b)	<input type="checkbox"/> NO Go to #60
	(b) Do you, your spouse, parent or stepparent have any private, group, or governmental health insurance that pays the cost of your medical care? (Do not include Medicare or Medicaid.)		(c) Do you have any unpaid medical expenses for the 3 months prior to the filing date month?	
	<input type="checkbox"/> YES Go to (c)	<input type="checkbox"/> NO Go to (c)	<input type="checkbox"/> YES Go to (c)	<input type="checkbox"/> NO Go to (c)
	<input type="checkbox"/> YES Go to #60	<input type="checkbox"/> NO Go to #60	<input type="checkbox"/> YES Go to #60	<input type="checkbox"/> NO Go to #60

60. (a) Have you ever worked under the U.S. Social Security System? YES Go to (b) NO Go to (b)

(b) Have you, your spouse, or a former spouse (or parent if you are filing as a child) ever:	You		Your Spouse/Parent		Filed for Benefits	
	Yes	No	Yes	No	Yes	No
Worked for a railroad						
Been in military service						
Worked for the Federal Government						
Worked for a State or Local Government						
Worked for an employer with a pension plan						
Belonged to union with a pension plan						
Worked under a Social Security system or pension plan of a country other than the United States?						

(c) Explain and include dates for any "Yes" answer given in #14 or #60(a); otherwise Go to #61.
 You: _____ Your Spouse, if filing/Your Parent, if filing as a child: _____

PART VI -- MISCELLANEOUS -- (Answer #61 ONLY IF YOU ARE APPLYING ON BEHALF OF SOMEONE ELSE: OTHERWISE GO TO #62.

61. (a) Name of Person/Agency Requesting Benefits.	Relationship to Claimant:	Your Social Security Number (or EIN)
(b) If SSA determines that the claimant needs help managing benefits, do you wish to be selected representative payee?		<input type="checkbox"/> YES <input type="checkbox"/> NO (Explain in Remarks)

PART VII -- REMARKS--(You may use this space for any explanations. Enter the item number before each explanation. If you need more space, use a signed form SSA-795.)

PART VIII -- IMPORTANT INFORMATION AND SIGNATURES

62. **IMPORTANT INFORMATION--PLEASE READ CAREFULLY**

- ▶ Failure to report any change within 10 days after the end of the month in which the change occurs could result in a penalty deduction.
- ▶ The Social Security Administration will check your statements and compare its records with records from other State and Federal agencies, including the Internal Revenue Service, to make sure you are paid the correct amount.
- ▶ We have asked you for permission to obtain, from any financial institution, any financial record about you that is held by the institution. We will ask financial institutions for this information whenever we think it is needed to decide if you are eligible or if you continue to be eligible for SSI benefits. Once authorized, our permission to contact financial institutions remains in effect until one of the following occurs: (1) you or your spouse notify us in writing that you are canceling your permission, (2) your application for SSI is denied in a final decision, (3) your eligibility for SSI terminates, or (4) we no longer consider your spouse's income and resources to be available to you. If you or your spouse do not give or cancel your permission you may not be eligible for SSI and we may deny your claim or stop your payments.

63. I declare under penalty of perjury that I have examined all the information on this form, and on any accompanying statements or forms, and it is true and correct to the best of my knowledge. I understand that anyone who knowingly gives a false or misleading statement about a material fact in this information, or causes someone else to do so, commits a crime and may be sent to prison, or may face other penalties, or both.

Your Signature (First name, middle initial, last name) (Sign in ink.)	Date (month, day, year)
SIGN HERE ▶	Telephone Number(s) where we can contact you during the day: () -
Spouse's Signature (Sign only if applying for payments.) (First name, middle initial, last name) (Sign in ink.)	
SIGN HERE ▶	

64. If you are blind or visually impaired, check the type of mail you want to receive from us.

Standard notice First Class
 Standard notice First-Class with a follow-up phone call
 Standard notice & data CD by First-Class
 Standard notice Certified
 Standard & Braille notices by First-Class
 Standard & large print notices
 Standard notice & audio CD

65. **WITNESS**

Your application does not ordinarily have to be witnessed, if, however, you have signed by mark (X), two witnesses to the signing who know you, must sign below giving their full address.

1. Signature of Witness	2. Signature of Witness
Address (Number and Street, City, State, and ZIP Code)	Address (Number and Street, City, State, and ZIP Code)

RECEIPT FOR YOUR CLAIM FOR SUPPLEMENTAL SECURITY INCOME		
Name	Social Security Number	Date
Name	Social Security Number	Date
If you have a question or something to report call: () -	Social Security Office you may visit or mail your request to:	
For general information about Social Security, visit our website at www.socialsecurity.gov on the internet.		
We will process your application for Supplemental Security Income as quickly as possible. If you have trouble getting any information or records we have asked for, please contact us and we will help you.		
You should hear from us within _____ days after you have given us all the information we requested. Some claims may take longer if additional information is needed. If you do not get a check or notice of determination within that time, please get in touch with us.		
Privacy Act Statement/ Paperwork Reduction Act Statement Collection and Use of Personal Information		
Section 1631(e) of the Social Security Act, as amended, authorizes us to collect this information. We will use this information to help us determine your entitlement to benefits. Furnishing us this information is voluntary. However, failing to provide us with all or part of the requested information may prevent us from making an accurate and timely decision on your claim, which may result in the loss of payments. We rarely use the information you supply for any purpose other than for determining problems in Social Security programs. However, we may use it for the administration and integrity of Social Security programs. We may also disclose information to another person or to another agency in accordance with approved routine uses, which include, but are not limited to the following:		
<ol style="list-style-type: none"> 1. To enable a third party or an agency to assist Social Security in establishing rights to Medicare benefits and/or coverage; 2. To comply with Federal laws requiring the release of information from Social Security records (e.g., to the Government Accountability Office and the Department of Veterans' Affairs); 3. To make determinations for eligibility in similar health and income maintenance programs at the Federal, State and local level; and, 4. To facilitate statistical research and audit activities necessary to assure the integrity and improvement of Social Security programs. 		
We may also use the information you provide in computer matching programs. Matching programs compare our records with records kept by other Federal, State, or local government agencies. Information from these matching programs can be used to establish or verify a person's eligibility for federally-funded or administered benefit programs and for repayment of payments or delinquent debts under these programs.		
A complete use of routine uses for this information is available in System of Records Notices 60-0089, Claims Folder System and 60-0050, Completed Determination-Continuing Disability Determinations. These notices, additional information regarding this form, and information regarding our programs and systems, are available on-line at www.socialsecurity.gov or any local Social Security office.		
Paperwork Reduction Act Statement - This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 40 minutes to read the instructions, gather the facts, and answer the questions. SEND OR BRING THE COMPLETED FORM TO YOUR LOCAL SOCIAL SECURITY OFFICE. The office is listed under U.S. Government agencies in your telephone directory or you may call Social Security at 1-800-772-1213 (TTY 1-800-325-0778). You may send comments on our time estimate above to: SSA, 6401 Security Blvd., Baltimore, MD 21235-6401. Send only comments relating to our time estimate to this address, not the completed form.		
REPORTING RESPONSIBILITIES		
The amount of a Supplemental Security Income (SSI) check is based on the information told to us. You must tell Social Security every time there is a change while we process your application AND if you start receiving SSI.		
Remember, a change may make the SSI monthly payment bigger or smaller. Report changes in income of your ineligible husband/wife or child who lives with you or your sponsor or sponsor's spouse, if you are an alien. You must also report changes in the things of value that these people own. You must also report changes in income, school attendance and marital status of ineligible children who live with you.		
You must tell us about any change within 10 days after the month it happens. If you do not report changes, we may have to take as much as \$25, \$50, or \$100 out of future checks.		
HOW TO REPORT		
You may make your reports:		
<ul style="list-style-type: none"> • By telephone at the telephone number shown above or call us toll free at 1-800-772-1213 (TTY 1-800-325-0778) or • In person or • By mail at the address shown above. 		
Form SSA-8000-BK (01-2012)		Page 22

CHANGES TO REPORT

- WHERE YOU LIVE --You must report to Social Security if:**
- You move.
 - You (or your spouse) leave your household for a calendar month or longer. (For example, you enter a hospital or visit a relative.)
 - You are admitted to (for a calendar month or longer), or released from, a hospital or nursing home, jail, prison, or other correctional facility or other institution.
 - You leave the United States for 30 consecutive days.
 - You are no longer a legal resident of the United States
-
- HOW YOU LIVE -You must report to Social Security:**
- If anyone moves into or out of your household.
 - If the amount of money you pay toward household expenses changes.
 - Births and deaths of any people with whom you live.
 - Your spouse or former spouse dies.
 - Your marital status changes:
 - You get married, separated, divorced, or your marriage is annulled.
 - You begin living with someone as husband and wife.
-
- INCOME-You must report to Social Security if you, your spouse/your parent(s):**
- Start to receive money for checks or any other type of payment from someone or someplace.
 - Have a change in the amount of money you receive.
 - Begin to receive child support payments or those payments go up or down.
 - Win money from gambling or a lottery.
 - Start work or stop work.
 - Earn more or less money. (Keep all paystubs and provide them to SSA when requested.)
 - Become eligible for benefits other than SSI.
-
- HELP YOU GET FROM OTHERS -You must report to Social Security if:**
- The amount of help (money or food, or payment of household expenses) you receive goes up or down.
 - Someone stops helping you.
 - Someone starts helping you.
-
- THINGS OF VALUE THAT YOU OWN -You must report to Social Security if:**
- The value of things that you own goes over \$2000 when you add them all together (\$3000 if you are married and live with your spouse).
 - You sell or give any thing of value away.
 - You buy or are given anything of value.
-
- YOU ARE BLIND OR DISABLED-You must report to Social Security if:**
- Your condition improves or your doctor says you can return to work.
 - You go to work.
-
- IF YOU ARE THE PARENT, STEP PARENT, OR REPRESENTATIVE PAYEE FOR A CHILD UNDER 18 - A report to Social Security must be made if:**
- There is a change in any income the child, his or her parent(s), step parent, or brother(s) or sister(s) receive.
 - There is a change in the student status of the child's brother(s) or sister(s).
 - There is a change in his or her parents' or step parents' marriage, a change in the value of anything they own, or a change in their residence.
-
- YOU ARE UNMARRIED AND UNDER AGE 22 - A report to Social Security must be made if:**
- You start or stop school
 - You get married or divorced
 - You start or stop working
-
- YOUR IMMIGRATION STATUS CHANGES-**
- You must report any changes to Social Security.
-
- YOU ARE SELECTED AS A REPRESENTATIVE PAYEE -You must report to Social Security if:**
- The person for whom you receive SSI checks has any changes listed above. (You may be held liable if you do not report changes that could affect the SSI recipient's payment amount, and he/she is overpaid.)
 - You will no longer be able or no longer wish to act as that person's representative payee.
-
- IF A WARRANT HAS BEEN ISSUED FOR YOUR ARREST -You must report to Social Security if:**
- Your warrant is for a crime or an attempted crime that is a felony (or, in jurisdictions that do not define crimes as felonies, a crime that is punishable by death or imprisonment for a term exceeding 1 year); or
 - Your warrant is for a violation of probation or parole under Federal or State law.

Chairman DAVIS. Mr. O'Carroll, you are recognized for 5 minutes.

**STATEMENT OF PATRICK P. O'CARROLL, JR.,
INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION**

Mr. O'CARROLL. Good afternoon, Chairman Davis, Ranking Member Doggett, and Members of the Subcommittee. Thank you for the invitation to testify today.

For many years my office has recommended that SSA consider all available tools and methods to ensure the right person receives the right payment at the right time. As technology advances, data matches and electronic records are emerging as effective tools to improve payment accuracy in Federal programs like SSI.

Financial and other nonmedical factors can affect SSI eligibility, such as earnings and income, resources and assets, living arrangements, and presence in the United States.

SSA's Access to Financial Institutions Project, or AFI, is a data-matching initiative we recommended years ago that helps the agency prevent commonplace SSI payment errors. AFI allows the agency to receive data directly from financial institutions, rather than relying on recipients to report assets that may reduce or eliminate the benefits. Self-reporting, or the lack thereof, is a leading cause of payment errors. AFI is now in place in all 50 States, and the agency anticipates \$900 million in lifetime program savings for each year it uses AFI.

My office has also recommended that SSA expand its use of electronic databases to verify real property and assets. Last year we estimated that SSA has made improper payments of more than \$2 billion because SSI recipients did not self-report property ownership to SSA. In recent months, SSA used a real property database in its stewardship reviews. The agency reported the records database was an effective tool, and that SSA would use the database in all SSI reviews in fiscal year 2013.

SSA is also working to collect transactional-level data from foreign ATMs. This data can identify ineligible recipients because they were outside of the United States for more than a month. We recommended this approach in a 2008 audit, which estimated \$225 million in overpayments to 40,000 recipients outside of the United States. We are working on a review of SSA's progress in addressing this issue.

We have also made other data-matching recommendations to SSA to identify marital status, workers' compensation, and vehicle ownership. We in OIG use data matches in our work as well, but the Computer Matching and Privacy Protection Act requires formal computer-matching agreements that can take years to complete. This prolonged process can delay or derail time-sensitive audit and investigative projects.

In 2010, the Department of Health and Human Services obtained a legislative exemption for data matches designed to identify fraud, waste, or abuse. We are pursuing a similar exemption, which could serve as a vital tool in our organization as we combat fraud in SSA's programs.

This office also continues to encourage the agency to seek funding to support key improper payment-prevention tools. For exam-

ple, SSA has reported that it saves \$7 for every dollar spent on re-determinations, which are periodic reviews of an SSI recipient's eligibility.

In conclusion, it is critical that the agency makes certain that all SSI payments are correct and timely. SSI recipients depend on these payments for basic needs. But it is equally important to protect the integrity of taxpayer dollars through data matches, electronic records, and traditional reviews. I applaud Chairman Davis' proposal to expand data-matching across the Federal Government. For now my office will continue to work with your Subcommittee and SSA to ensure SSI program integrity and increase taxpayer savings.

Thank you again for the invitation to testify, and I will be happy to answer any questions.

Chairman DAVIS. I appreciate that, Mr. O'Carroll.

[The prepared statement of Mr. O'Carroll follows:]

**U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Human Resources**



Statement for the Record

**Hearing on the Use of Technology to Improve
the Administration of SSI's Financial Eligibility Requirements**

**The Honorable Patrick P. O'Carroll, Jr.
Inspector General, Social Security Administration**

July 25, 2012

Good afternoon, Chairman Davis, Ranking Member Doggett, and members of the Subcommittee. It is a pleasure to appear before you, and I thank you for the invitation to testify today. I have appeared before Congress many times to discuss issues critical to the Social Security Administration (SSA) and the services the Agency provides to American citizens. This year, I have testified on SSA's Disability Insurance program, the Death Master File, and Social Security number misuse. Today, we are discussing the Supplemental Security Income (SSI) program and ways to improve the administration of SSI's non-medical eligibility requirements.

The SSI Program

SSI is a nationwide Federal assistance program that guarantees a minimum level of income for needy aged, blind, or disabled individuals. General tax revenues, not Social Security taxes, fund the SSI program, which allows individuals to meet basic needs like food, shelter, and clothing. According to SSA, in May 2012, the Agency made \$4.5 billion in SSI payments to about 8.2 million recipients; the average Federal payment was \$516.

Because SSI is a needs-based and means-tested program, many non-medical factors can affect SSI eligibility and payment amounts: income, resources, living arrangements, citizenship, and requirements to file for other program benefits. The SSI program requires that SSA periodically re-assess individuals' eligibility and payment amounts based on these non-medical factors. Except for certain institutionalized individuals, all SSI recipients are periodically scheduled for a redetermination. Every year, SSA schedules for redetermination the cases most likely to have a payment error; but even cases unlikely to have payment errors are scheduled for review at least once every six years. In addition, unscheduled redeterminations are completed on an as-needed basis when recipients report, or SSA discovers, certain changes in circumstances that could affect SSI eligibility or payment amount.

SSA also uses a limited-issue process to detect situations that have the potential to affect SSI eligibility or the SSI payment amount. As part of this process, SSA conducts periodic computer matches between its own systems and those of other Federal and State agencies to determine if the income and resources information on SSI recipients' records conflicts with data obtained from the other systems.

SSA's process of ensuring SSI payment accuracy also relies in part on SSI recipients reporting changes in their income, resources, and/or living situation. Unfortunately, SSI recipients do not always report these changes—including those changes that affect SSI eligibility or reduce payment amounts. For this reason, the Agency's greatest payment accuracy challenge is SSI overpayments. SSA reported \$50.3 billion in total SSI payments for Fiscal Year (FY) 2010—the most recent reporting year—with \$3.3 billion in overpayments.

Protections against Improper Payments

We have made many recommendations in recent years to SSA that support the Office of the Inspector General's (OIG) primary focus on program integrity. For example, we have encouraged the Agency to seek funding to support key improper payment-prevention tools, such as increases to the overall number and frequency of redeterminations conducted. SSA has reported that it saves \$7 for every \$1 spent on redeterminations. However, the number of redeterminations SSA conducted decreased by more than 60 percent from FYs 2003 to 2008 (2.5 million to 900,000). In July 2009, we estimated the Agency could have saved an additional \$3.3 billion during FYs 2008 and 2009 by conducting redeterminations at the

same level it did in FY 2003. SSA completed more than 2.4 million SSI redeterminations in both FYs 2010 and 2011, and it has stated plans to conduct more than 2.6 million in FY 2012.

For many years, my office has encouraged SSA to use data matching and to access similar private databases to ensure program integrity and protect Agency funds. As evidenced by the cost savings generated by redeterminations, it is important for SSA to utilize all tools that can prevent SSI payment errors before they occur or detect them quickly when they occur. We believe the increased use of private and public databases can help SSA better identify when non-medical factors exist that may affect SSI eligibility and payment amounts.

Income and Resources

SSA reduces SSI payments by a recipient's monthly countable income—earned, unearned, in-kind, and deemed. SSI recipients can have \$20 per month of most income received in a month, as well as the first \$65 of earnings plus half of earnings over \$65 in a month. Any additional earnings, or other Federal or State benefits collected by the individual, reduce his or her SSI payment.

SSI recipients' maintenance of unreported financial accounts is one of the major causes of payment errors in the SSI program. In 2008, we estimated that \$409 million in SSI overpayments went undetected because 69,000 recipients did not inform SSA of their changes in income and/or resources. We recommended SSA obtain beneficiaries' bank account information, rather than rely on SSI recipients' self-reporting, to identify additional income and resources, and investigate possible violations.

SSA currently receives data from the Internal Revenue Service (IRS) to verify income, and in recent years, the Agency implemented the Access to Financial Institutions (AFI) Project, which allows it to check an applicant or recipient's bank accounts to verify resources. In June 2011, SSA completed the AFI rollout to all 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands. The Agency has said AFI has proven to be very useful in identifying previously undisclosed accounts and reducing overpayments. SSA projects approximately \$900 million in lifetime program savings for each year the Agency uses AFI.

As with unreported financial accounts, SSI recipients sometimes also conceal real property and vehicles that affect SSI eligibility. We have encouraged SSA to expand its use of electronic databases to verify SSI recipients' real property and ensure payment accuracy.

In a 2011 report, matching a sample of SSI recipient records against a real property database, we estimated that about 320,000 recipients inaccurately reported to SSA that they did not own real property other than their primary residence, which led to improper payments of more than \$2.2 billion.

In recent months, SSA conducted 1,000 SSI stewardship reviews using a commercially available electronic database as a source of undisclosed property. The Agency concluded that the database served as a viable tool to identify non-residence real property, and announced that its Office of Quality Review would use utilize this tool in all SSI reviews in FY 2013. SSA is assessing how to integrate the use of the records into its regular operational processes.

Living Arrangements

SSI recipients' living arrangements can affect their eligibility and payment amount—for example, living with another SSI recipient, living with a spouse who has earnings or other income, spending time outside the United States for a given month, serving a prison sentence, or residing in an institution like a nursing home or an immediate-care facility.

In 2008, my office released a report on SSI recipients with ATM withdrawals that indicated they were outside the United States. Recipients who are outside the United States for more than 30 consecutive days are not eligible for payments. We issued subpoenas to obtain financial information of SSI recipients and analyzed the resulting data; based on a sample, we estimated SSA failed to detect about \$225 million in overpayments because about 40,000 recipients did not inform SSA of their absence from the United States.

We recommended that SSA explore options that might help detect unreported residency violations; for example, obtaining electronic bank statements with transaction-level data; or entering into a data-sharing agreement with the Department of Homeland Security for access to its Traveler Enforcement Compliance System (TECS). In 2011, Senator Tom Coburn requested an update on SSA's progress in addressing this issue, and we plan to complete that review this year. In addition, SSA has said it is working on an initiative to collect transaction-level data from foreign ATMs to identify SSI beneficiaries who left the country for more than a month; the Agency is seeking vendors who might have relevant experience.

Also, in a 2011 follow-up report on SSI overpayments to recipients in Title XIX institutions (nursing homes, intermediate-care facilities, and psychiatric institutions), we found that since we issued the original report in 2006, SSA had made improvements in collecting overpayments made to these recipients. However, we also found that these institutions were still failing in many cases to report recipients' change in living arrangements to SSA, as required by law. This had caused SSA to identify an additional \$191 million in overpayments.

We recommended that SSA consider implementing a website that would allow Title XIX institutions to report SSI recipient admissions to SSA. The Agency said these institutions already have similar online reporting requirements with Centers for Medicare & Medicaid Services; thus, SSA does not want to create a repetitive website that the institutions might not regularly update. The Agency said it would consider working with States to identify the Title XIX institutions within their jurisdiction and remind them of their reporting responsibilities to reduce payment errors.

Citizenship

To be eligible for SSI, an applicant must be 1) a citizen or a national of the United States, 2) a non-citizen lawfully admitted for permanent residence in the United States, or 3) a non-citizen permanently residing in the United States under one of the qualified non-resident categories. In addition, refugees and other non-citizens in a refugee-like immigration status meeting income and resource requirements may be eligible for SSI.

Since the enactment of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, non-citizens are eligible for SSI for a maximum of seven years. After the seven-year period, non-citizens are no longer eligible unless they become naturalized U.S. citizens or can show they meet eligibility

criteria for continued benefits. Our audit on this topic, issued in 2009, found SSA's controls over SSI payments to refugees and other non-citizens were generally effective; the Agency made proper payments to eligible non-citizens in almost all cases.

Requirement to File for Other Benefits

A recipient may not be eligible for SSI if SSA advises him or her of potential eligibility for other benefits—such as Title II benefits, veterans' benefits, workers' compensation, or unemployment insurance—and he or she does not take all steps to obtain such payments within 30 days.

Another type of benefit that falls into this category is a foreign-based pension. We currently have an audit in process that is examining the issue of SSI recipients who are eligible for or receiving a pension from Russia. Foreign entities that pay income to individuals living in the United States do not usually make this information available to the IRS; therefore, SSA cannot detect these pensions as it can with domestic entities. In Russia, pensions may be payable to individuals with as few as five years of work in the country, even though the individuals reside in the United States.

Through data analysis, we identified a population of more than 25,000 SSI recipients nationwide who might be eligible for Russian pensions. We plan to sample the population to identify any recipients who are collecting Russian pensions and any resulting SSA overpayments.

Data Matching

As seen in our recommendations, data matching has become a critical tool for SSA and other Federal agencies as they seek ways to improve payment accuracy in programs like SSI. SSA's and the OIG's efforts to expand the use of SSI-recipient banking and resource data have reduced program vulnerabilities and achieved significant Agency savings. This successful initiative lends support to a suggestion from Chairman Davis for all government agencies to develop common data elements and create a central point for agencies to share information, with the goal of reducing improper payments and improving customer service.

We have also recommended SSA obtain death information electronically, as well as information on beneficiaries' marital status; explore data exchanges with States that maintain automated workers' compensation databases; and consider obtaining vehicle information from States to verify the resources of SSI recipients. Additionally, we have several ongoing and planned audits on SSI issues, including SSA's method for selecting redeterminations, payments to multi-recipient households, and recipients with excess unstated incomes.

While we do undertake data-matching efforts, the *Computer Matching and Privacy Protection Act* often requires formal computer-matching agreements that can take years to complete. This prolonged process can delay or derail time-sensitive audit and investigative projects. In 2010, the Department of Health and Human Services and its OIG obtained an exemption for data matches designed to identify fraud, waste, or abuse. We are pursuing a similar exemption through a legislative proposal.

Conclusion

By 2036, SSA estimates that the SSI recipient population will surpass 10 million, with annual expenditures increasing to \$64.6 billion. It is critical that the Agency ensure that all SSI payments are

correct and timely, because the individuals who qualify for SSI depend on those payments every day for food, shelter, and clothing. It is equally important to protect the integrity of taxpayer dollars and ensure that only those who are eligible for SSI receive payments.

The OIG has done, and continues to do, significant audit work to identify areas where the SSI program can be vulnerable to improper payments; and to recommend actions to reduce or eliminate those errors. My office continues to stress the importance of stewardship reviews like redeterminations—and as I have outlined, we have made many recommendations to the Agency specific to the many non-medical factors that can affect SSI eligibility, with an emphasis on utilizing data matches and electronic public records.

We will continue to provide information to your Subcommittee and to Agency decision-makers about this critical issue. Thank you again for the opportunity to speak with you today. I am happy to answer any questions.

Chairman DAVIS. I still remember that meeting in January of last year that was quite eye-opening on the complexities the agency faced with data-matching. You put a little Irish on the spin of the whole thing for us. We appreciate that moving forward, as Ranking Member Doggett and I began down that path, with data standardization. Thank you.

Mr. Soczynski, you are recognized for 5 minutes.

**STATEMENT OF PAUL F. SOCZYNSKI,
DIRECTOR OF GOVERNMENT SERVICES, ACCUITY SOLUTIONS**

Mr. SOCZYNSKI. Thank you.

Good afternoon. My name is Paul Soczynski. I am the Senior Director of Government Services for Accuity, Inc. Chairman Davis, and Ranking Member Doggett and Members, we are grateful for the opportunity to provide our views on technology and how they might be used to improve public benefit programs.

Since 1911, Accuity has been the official registrar of the American Bankers Association U.S. Routing and Transit Codes, a role that requires us to assign and maintain ABA routing codes to every deposit-taking financial institution in the United States. In our role as ABA registrar, Accuity is required to maintain up-to-date information on the 117,000 financial institution locations across the United States. As such, we have earned a unique reputation as the trusted source of information about and for the banking industry.

As you have heard, Accuity currently manages a technology solution to facilitate the eligibility process for the SSI program. In September 2003, Accuity was awarded a contract to develop and implement a pilot proof-of-concept program designed to automate the then-existing manual financial asset verification eligibility component of the SSI benefit program. We designed the asset verification system to include three main components: number one, a secure automated gateway between SSA field offices and the U.S. financial banking institutions; number two, a comprehensive and accurate database of registered participating financial institutions; and number three, a Web-based and direct-transmission Web service technology platform with sophisticated message-routing logic designed to speed the process and mechanism and optimize the detection of undisclosed financial assets.

Following several years of the pilot, for all SSA field offices in New York, New Jersey, and California, a national rollout did occur. It commenced in July of 2010, and all 50 States are now operational as of June 2011. Leveraging our longstanding position in the banking industry and our unique trusted relationships in the financial institutions across the country, Accuity has successfully recruited and registered to participate in the automated solution in 95 percent of the financial institution locations nationally.

Accuity's asset verification system has successfully processed millions of automated financial asset-verification requests and responses utilizing our comprehensive database of financial institutions. Instead of mailing a paper request form to a general financial institution address indicated by the SSI applicant, the request is now sent and received instantaneously through Accuity's asset verification system. By ensuring the account balance search for each financial institution is inclusive of an institution's entire

branch network and not just a single location, the canvassing and search of financial assets goes beyond local and State borders to include regional and national searches regardless of where the applicant process takes place or where the applicant resides.

The system automatically routes alternative multiple requests to financial institutions based on geographic logic and account detection probability parameters. The search algorithm, refined over many years, ensures the additional financial institutions that are canvassed for possible undetected financial assets. This added step creates stronger program integrity by improving the detection of undisclosed application assets instead of relying solely on the bank account information provided by the applicant.

Accuity has successfully coordinated and implemented direct transmission automation with the largest financial institutions in the country. This direct, end-to-end technology reduces the need for human intervention in a high-volume environment, resulting in optimized efficiency, reduced costs, and high-speed response turnaround times, thus accelerating the overall determination process for program beneficiaries.

Accuity has been pleased to partner with SSA in proving the value of technology and serving beneficiaries, while preventing fraud and abuse. Based on the success of the asset-verification technology, Congress passed section 1940 of the Social Security Act. This amendment to the Act requires States to implement a comparable electronic solution for the aged, blind, and disabled Medicaid population. While the legislation included the requirement for all States to have this implemented by 2013, States have been slow to implement the solution. We are hopeful after initial implementations in various States, that will become a different reality.

We appreciate the opportunity to inform the Subcommittee about how we worked developing and implementing a new technology to provide greater efficiency to taxpayer-funded programs. I would be pleased to provide additional information regarding Accuity's asset verification system, and I look forward to answering your questions today. Thank you.

Chairman DAVIS. Thank you very much, Mr. Soczynski.
[The prepared statement of Mr. Soczynski follows:]



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July 25, 2012

The following Statement is submitted for the hearing record and references the Hearing on the Use of Technology to Improve Public Benefit Programs dated July 25, 2012.

Paul F. Soczynski, on behalf of Accuity Inc. of Skokie, IL, is submitting this Statement for the hearing record. Mr. Soczynski is the Senior Director, Government Services at Accuity.

Since 1911, Accuity has been the Official Registrar of the American Bankers Association U.S. Routing and Transit Codes, a role that requires Accuity to assign American Banking Association routing codes to every bank, credit union, and savings and loan and deposit taking institution in the United States. In our role as ABA registrar, Accuity is required to maintain up to date information on the 117,000+ financial institution locations across the United States. In a commercial capacity, Accuity provides the most comprehensive databases and software and professional services to assist financial institutions, corporations and government agencies in efficient and cost effective processing of financial transaction while helping institutions comply with the various know your customer, anti-money laundering and anti-terrorist financing regulations within the U.S. banking industry. As such, Accuity has earned a unique reputation as the trusted source for information about, and for, the banking industry. In addition to providing data solutions to the Federal Reserve, the FDIC, the U.S. Treasury and the Small Business Administration, Accuity currently manages a technology solution to aid the Social Security Administration's Supplemental Security Income (SSI) benefit program.

Accuity strongly supports the use of technology to improve public benefit programs and develop greater program integrity. We clearly understand the challenges associated with determining eligibility based on the value of applicants' financial assets held at financial institutions. Our experience with SSA has led to projections of saving \$900 million annually with a systems generated savings of \$20 dollars for every \$1 dollar of expense.¹

In September 2003, Accuity designed, developed and implemented a pilot program to automate the existing asset verification eligibility component of the Social Security Administration's (SSA), SSI benefits application and re-determination approval process.

Prior to the Accuity solution, the SSA's asset verification process deployed paper-based forms filled in with information provided by the SSI applicant. The SSA would mail an asset verification request form (SSA Form e4641) to the financial institution indicated by the applicant. Under this process, response time to the e4641 request form averaged between 30-60 days while the financial institution response rate varied from 10% to a rate less than 50 percent. When the financial institution response time exceeded 90 days, which was a frequent occurrence, it was SSA policy to approve payments of SSI benefits to the applicant without the requisite financial asset verification (with a re-determination to be performed after one year).

In automating the SSI Asset Verification Process, the stated goals of the SSA were:

1. To increase the efficiency of the account verification request and response process
2. To maximize financial institution participation and response rates
3. To minimize the paperwork and paper flow through automation
4. To improve the applicant experience
5. To provide analytic tools to measure efficiency, effectiveness, cost, and cost savings of the financial asset verification process
6. To accurately verify financial assets and improve the ability to detect undisclosed assets

The Accuity Asset Verification System includes three main components:

1. A secure automated gateway between SSA field offices and the U.S. financial institution community for electronic processing of asset verification requests and responses between the SSA and the financial institution community
2. A comprehensive database of registered financial institutions participating in the asset verification program
3. A web-based and direct transmission web-services system with sophisticated message routing logic designed to speed the response mechanism and optimize the detection of undisclosed financial assets

Accuity designed, developed and implemented in February 2004, as a pilot proof of concept in the states of New York and New Jersey, an automated, secure, web-based application to facilitate the e4641 asset verification request and response process. The system supported an automated paperless transmission of all asset verification requests from an SSA field office to the respective financial institution and the corresponding response from the financial institution back to the SSA field office. The financial institution received a request via a user friendly and secure online interface that notified the financial institution immediately when a request had been submitted from the SSA. The information provided is an electronic emulation to the original paper form used by the SSA. After retrieving the account information related to the SSI applicant, the financial institution electronically submitted all related account information which was then instantaneously delivered to the SSA through Accuity's secure gateway.

System security for the Asset Verification Solution was designed and implemented to comply with SSA security requirements as defined by the United States Commerce Department's National Institute of Standards and Technology (NIST). Leading up to the national rollout of the solution which commenced in July 2010, two independent system security audits were conducted by leading third-party audit firms under the supervision of the SSA. Additionally, third party penetration tests and multiple financial institution audits were successfully completed. All such audits received positive opinions.

Accuity's Asset Verification System has processed millions of asset verification requests to and from the U.S. financial institution's community and the SSA. The system includes robust analytics and metrics reporting capabilities that allows SSA to analyze volumes, trends, costs, and statistics on both a macro and micro level.

Following a successful pilot to all SSA field offices in New York, New Jersey and California, a national rollout of the system commenced in July 2010 and was completed in June 2011. Leveraging our long-standing position as the Official Registrar of ABA U.S. Routing and Transit Numbers, and our unique trusted relationships with all U.S. financial institutions, Accuity has successfully recruited and registered 95% of all financial institutions to participate in the program nationally.

Accuity worked closely with the larger financial institutions to consolidate multiple-branch processing of verification requests to a single centralized processing site, thus further streamlining the end-to-end process. Each e4641 request for asset verification is electronically

sent to the correct assigned processing location specific for each financial institution. Instead of mailing a paper request form to a general financial institution address indicated by the SSI applicant, the request is now sent and received instantaneously through Accuity's Asset Verification System, reaching the correct processing location at the correct financial institution location. In all cases, Accuity's comprehensive financial institutions database and message routing logic drives the routing of all asset verification requests to the appropriate financial institution location. The account balance search for an institution is inclusive of all owned branch locations across the country, thus ensuring asset verification canvassing goes beyond local and state borders to include regional and national searches regardless of where application process takes place and where the applicant resides.

In addition to a standard request being sent to the financial institution accounts that are designated by the SSI applicant, Accuity designed and implemented geographic-centric logic that allows the SSA to drive alternate request routing to institutions not disclosed by the applicant. The system searches Accuity's comprehensive database and routes alternate multiple requests to financial institutions based on geographic logic and distance parameters from the designated applicant and institution. This process ensures that additional financial institutions are canvassed for possible undetected financial assets. This added step creates stronger program integrity by optimizing the detection of undisclosed applicant assets instead of relying solely on the bank account information provided by the applicant.

Since implementation of the national program commenced in July 2010 (and completed in June 2011), Accuity and SSA worked collaboratively to expand the asset verification program to all 50 states and every field office in the United States. Our shared success includes the following statistics:

1. Overall financial institution response rate of 96% versus previously experienced 10% to 50% response rate
2. Average financial institution response time of 7 days versus 30-60 days, with more than 25% of responses received within 24 hours
3. Participation of 95% of financial institutions in the country enabling timely and accurate provision of financial information to assist SSA staff to make eligibility determination
4. Complete automation of the end-to-end process significantly reducing time and effort required from SSA personnel to process verification requests and responses
5. A 100% reduction in paper flow to and from the SSA
6. An average of one of six asset verification requests disclosing an undetected account, thus yielding potential annual savings through reduction of improper benefit payments. The detection of improper benefit payments is projected to yield improper payment savings of \$900 million dollars annually with a systems generated savings of \$20 dollars for every \$1 dollar of expense'

Accuity has coordinated and implemented direct transmission automation with the largest financial institutions in the country. This direct end-to-end technology reduces the need for human intervention resulting in optimized efficiency, reduced costs and improved timeliness of

determinations. We continue to drive this response time lower with each successive month of national operations.

SSA and Accuity have continued to make successful progress on the integration of Accuity's asset verification application into SSA's eligibility system. This cooperation has led to increased efficiencies for SSA customer representatives and program beneficiaries. Accuity has been pleased to partner with SSA on this on-going integration, proving the value of technology in serving beneficiaries while preventing fraud and abuse.

Based on the success of the asset verification solution, Congress passed Section 1940 of the Social Security Act. This amendment requires states to implement a comparable electronic solution for the aged, blind and disabled Medicaid population. While the legislation included a requirement for all states to have implemented a program by 2013, the states have been slow to implement such automated solutions. Accuity is hopeful that after a successful implementation of the Asset Verification System in Florida later this year, other states will move forward to reap the benefits realized by SSA both in increased speed of approval for qualified applicants and in improved program integrity. This proven technology can save the states and federal treasuries hundreds of millions of dollars in improperly paid benefits each year.

Accuity's Asset Verification System can be implemented to assist other public benefit programs by providing the secure technology to connect the government sector to the financial institution community. The Accuity system can allow federal and state agencies to simply and effectively provide program oversight while improving the efficiencies for applicant and/or recipient eligibility determination.

We appreciate this opportunity to inform the Subcommittee about our work developing and implementing new technologies to provide greater efficiency to taxpayer funded programs. I would be pleased to provide any additional information regarding the Accuity Asset Verification System upon your request and I look forward to answering any questions you may have for me today.

Paul F. Soczynski
Accuity, Inc.
Senior Director, Government Services

¹ Reference SSA written testimony to United States House of Representatives; Committee on Appropriations; Subcommittee on Labor, Health and Human Services, Education and Related Agencies; Dated March 11, 2011: *"Where possible, we are using technology to help us prevent and detect improper payments. For example, we know that unreported financial accounts and wages are the major causes of improper payments in the SSI program. Therefore, we have developed and are implementing an electronic process that allows us to quickly and easily identify assets of SSI applicants and recipients that exceed statutory limits. This process is called Access to Financial Institutions (AFI), and we use it in the SSI program to electronically identify financial accounts. We currently use AFI in 25 States; these States represent 80 percent of all SSI recipients. We intend to implement AFI in all remaining States by the end of the year. By 2013, we project approximately \$900 million in lifetime program savings for each year we use the AFI, which will potentially yield a \$20 return in detected and prevented overpayments for every dollar invested."*

Chairman DAVIS. Ms. Ford, you are recognized for 5 minutes.

**STATEMENT OF MARTY FORD, DIRECTOR,
PUBLIC POLICY OFFICE, THE ARC OF THE UNITED STATES**

Ms. FORD. Chairman Davis, Ranking Member Doggett, and Members of the Subcommittee, thank you for the opportunity to testify on the use of technology to improve the administration of the SSI financial eligibility requirements.

As you know, SSI benefits, along with related Medicaid benefits, are the means of survival for over 8 million people with severe disabilities. SSI benefits help people meet their basic needs for food and housing, secure medical care, and pay for medications not covered by Medicaid. SSI also plays a critical role in helping people with severe disabilities live in the community rather than in institutions. We applaud SSA's continued work in improving its technology infrastructure to improve services to claimants and beneficiaries even during these challenging economic times.

SSA has recognized that the SSI program rules are challenging even for administrators of the program. The program is many times more difficult for SSI beneficiaries to understand and follow. Beneficiaries are under tremendous financial stress when they apply for SSI and while they are using benefits. SSI pays only about 75 percent of the Federal poverty level for an individual. Beneficiaries often experience food insecurity, possible homelessness, and personal and family crisis due to economic hardship. For some, the disability itself adds its own pressures and makes navigating the complexity of the SSI program extremely difficult.

The CCD Social Security Task Force generally supports SSA's efforts to use technology to improve the program so long as the improvements do not infringe on claimants' rights. We have always supported SSA's work in conducting continuing disability reviews and redeterminations to ensure continued integrity of the SSI and Social Security disability programs.

We recognize that technology can improve the Administration's efforts in these areas; however, many SSI applicants and beneficiaries lack electronic access to SSA or may not be able to understand or navigate electronic communications. For example, a recent study by the Department of Commerce found that in 46 percent of households headed by a person with a disability, there was no computer at home, compared to 20 percent of homes where the head of household had no disability. Sadly, our fast-growing electronic world is creating new barriers for people unable to cognitively or financially keep pace.

The complexity of the SSI program and the requirements for reporting and maintaining compliance with the rules, combined with the push for increased use of technology, will place increased pressures on those SSI beneficiaries who are unable to navigate in an electronic world. For these reasons we believe that SSA must exercise caution to ensure that beneficiaries are protected. This will require an increased commitment on the part of the Administration and the Congress to recognize the increasing difficulties for these beneficiaries and find solutions for them.

Improvements to the process will save time for both beneficiaries and SSA, improve accuracy and timeliness, and hopefully assist

beneficiaries who are exploring opportunities to work. We have some very specific recommendations.

Most importantly, SSA requires adequate administrative resources to effectively administer the program, including its financial eligibility requirements. We urge Congress to provide SSA with adequate resources at the level requested by the President.

Additionally, SSA needs to develop a better earnings reporting and recording system, including providing an option for online wage reporting, for those recipients who can use it, that allows the agency to promptly adjust benefit payments to help reduce overpayments and remove barriers for people who want to work.

SSA should also consider using its continuing disability review enforcement model to help prevent overpayments before they happen.

SSA also needs to enhance the use and operation of its toll-free 800 number.

We support continuation of the WIPA and PABSS programs that have already been commented on. That is very important for those people who want to work.

Congress should raise the SSI asset limit and income disregards and index them annually for inflation. While the SSI program has numerous work incentives built in to encourage people to work, the extremely low disregards mean that many SSI beneficiaries' earnings trigger an overpayment for even relatively modest amounts of work. Nearly half of beneficiaries who work earn less than \$200 per month. Increasing the disregards would help beneficiaries and at the same time reduce SSA's administrative workload.

I will end here and am open to any questions that you have. Thank you.

Chairman DAVIS. Thank you very much, Ms. Ford.
[The prepared statement of Ms. Ford follows:]



CONSORTIUM FOR CITIZENS
WITH DISABILITIES

**Hearing before the
House Ways and Means Committee
Subcommittee on Human Resources**

**The Use of Technology to Improve the Administration of
SSI's Financial Eligibility Requirements
July 25, 2012**

**Testimony of Marty Ford
Social Security Task Force
Consortium for Citizens with Disabilities**

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ON BEHALF OF:

Association of University Centers on Disabilities
Bazelon Center for Mental Health Law
Community Legal Services of Philadelphia
Easter Seals
Health and Disability Advocates
National Alliance on Mental Illness
National Association of Councils on Developmental Disabilities
National Association of Disability Representatives
National Organization of Social Security Claimants' Representatives
The Arc of the United States
National Disability Rights Network
United Cerebral Palsy
United Spinal Association

TESTIMONY OF MARTY FORD ON BEHALF OF THE SOCIAL SECURITY TASK FORCE, CONSORTIUM FOR CITIZENS WITH DISABILITIES

Chairman Davis, Ranking Member Doggett, and Members of the Subcommittee, thank you for the opportunity to provide testimony for this hearing on the use of technology to improve the administration of the Supplemental Security Income (SSI) financial eligibility requirements.

I am the Director of the Public Policy Office of The Arc of the United States. I am also a member of the Consortium for Citizens with Disabilities (CCD) Social Security Task Force. CCD is a working coalition of national consumer, advocacy, provider, and professional organizations working together with and on behalf of the 54 million children and adults with disabilities and their families living in the United States. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability programs and the Title XVI Supplemental Security Income (SSI) program.

The focus of this hearing is extremely important to people with disabilities. SSI cash benefits, along with the related Medicaid benefits, are the means of survival for over 8 million individuals with severe disabilities. SSI benefits help people with significant disabilities meet their basic needs for housing, food, and clothing, and secure essential services and medical care. SSI benefits also play a central role in helping people with significant disabilities live in the community, rather than in restrictive, costly institutions.

Proper administration of SSI benefits is critical and has long been of interest to the CCD Social Security Task Force. Other witnesses on this panel are able to testify about the more technical aspects of the Social Security Administration's technological initiatives related to the SSI program's financial eligibility requirements. My testimony will focus on the perspective of SSI beneficiaries and on the recommendations of the CCD Social Security Task Force for ways to enhance SSA's use of technology to improve the experience and outcomes of SSI beneficiaries.

1. Proper and timely application of the SSI financial eligibility criteria is important. The SSI program is a very complex program to administer.

As Social Security Administration (SSA) Deputy Commissioner Carolyn Colvin has noted in past testimony, the SSI program is very complex and benefits can change each month due to income and resource fluctuations and changes in living arrangements.¹ There are complex program rules and delays in receiving income data. The agency has struggled over the years to improve its accuracy rate for SSI payments – both for overpayments and for underpayments. Earlier this year, Deputy Commissioner Colvin noted that “In the SSI program, 93.3 percent of all payments were free of an overpayment, and 97.6 percent of all payments were free of an underpayment, a significant improvement from FY 2008.”² She also noted that given the complexity of the statutes governing the disability programs and the volume of work, some overpayments are unavoidable. The complexity of the return-to-work provisions is exacerbated when a beneficiary receives both SSDI and SSI, because the beneficiary is subject to two different sets of rules. About 30 percent of Title XVI beneficiaries aged 18-64 also receive Title II benefits.³

¹ Statement of Carolyn W. Colvin, Deputy Commissioner, Social Security Administration, before the House Committee on Ways and Means, Subcommittee on Social Security and Subcommittee on Oversight, June 14, 2011.

² Statement of Carolyn W. Colvin, Deputy Commissioner, Social Security Administration, before the House Committee on Ways and Means, Subcommittee on Social Security, January 24, 2012.

³ Table V.F1.—Percentage of SSI Federally-Administered Recipients in Current-Payment Status with Participation in Selected Programs Based on SSA Administrative Records, December 2011. In Social Security Administration (2012). 2012 Annual Report of the SSI Program.

While SSA recognizes that the SSI program rules are challenging for administrators of the program, we believe that the program is much more difficult for SSI beneficiaries to understand and follow accurately. SSI applicants and beneficiaries are under tremendous financial stress when they apply for SSI and while they are using SSI benefits (the maximum federal SSI benefit of \$698 per month pays only about 75 percent of the Federal poverty level for an individual). They often experience other stressful situations, including food insecurity, possible homelessness, and personal and family crisis due to economic hardship. For some, the very disability for which they have turned to the SSI program adds its own pressures to the situation and, in some cases, makes navigating the complexity of the SSI program extremely difficult.

2. Technology can play a role in helping to accomplish proper and timely application of the SSI financial eligibility criteria.

Commissioner Michael Astruc and Deputy Commissioner Colvin have testified about SSA's Access to Financial Institutions (AFI) project and the SSI Telephone Wage Reporting (SSITWR) system. Commissioner Astruc has made a strong commitment to improve and expand the technology used in the disability determination process. SSA has implemented a number of significant technological improvements that have helped claimants and their representatives and have made the process more efficient for SSA employees.

The CCD Social Security Task Force generally supports SSA's efforts to improve the disability claims process, so long as they do not infringe on claimants' rights. We have also always supported SSA's work in conducting continuing disability reviews and redeterminations to ensure continued integrity of the SSI and Social Security disability programs. We recognize that technology can improve the Administration's efforts in these areas.

However, it is important to remember that many SSI applicants and beneficiaries lack electronic access to SSA or may not be able to understand or navigate electronic communications. For example, a recent study by the Department of Commerce found that 46 percent of households headed by a person with a disability did not have a computer at home, compared to 20 percent of homes where the head of household had no disability.⁴ Sadly, our burgeoning electronic world is creating new barriers for people unable to cognitively and/or financially keep pace.

The complexity of the SSI program and the requirements placed on beneficiaries for reporting and maintaining compliance with SSI rules, combined with a push for increased use of technology, will place increased pressures on those SSI beneficiaries who are unable to navigate in an electronic world. This will require an increased commitment on the part of the Administration and the Congress to recognize the increasing difficulties for these beneficiaries and to work to find solutions for them.

For these reasons, we believe that SSA must exercise caution to ensure that beneficiaries are protected, particularly where they are unable to navigate the system and need assistance in correcting errors. While there may be ways to improve the process from the perspective of the Administration, the bottom line evaluation must be how the process affects the very claimants and beneficiaries for whom the system exists. We believe that the critical measure for assessing initiatives for achieving

⁴ U.S. Department of Commerce (2011). Exploring the Digital Nation: Computer and Internet Use at Home. Accessed July 15, 2012 at http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_computer_and_internet_use_at_home_11092011.pdf.

administrative efficiencies must be the potential impact on claimants and beneficiaries. Proposals for increasing administrative efficiencies must bend to the realities of beneficiaries' lives and accept that people face innumerable obstacles when they apply for and rely upon disability benefits. SSA must continue, and improve, its established role in ensuring that beneficiaries are fully protected in the process and must design its rules and procedures to reflect this administrative responsibility.

3. **Recommendations.**

SSA and Congress can work together to make it easier for SSI beneficiaries to navigate the system. Improvements to the process will reduce the time and effort that both beneficiaries and SSA must devote to the financial eligibility process, improve accuracy and timely access to benefits, and in particular will assist SSI beneficiaries who are exploring opportunities to work. On behalf of the CCD Social Security Task Force, I am pleased to offer the following recommendations.

a. Provide adequate administrative resources for SSA.

Foremost, SSA requires adequate administrative resources to effectively administer the SSI program including the program's financial eligibility requirements.

For many years, SSA did not receive adequate funds for its mandated services. Between FY 2000 and FY 2007, the resulting administrative funding shortfall was more than \$4 billion. We thank this Committee for its efforts to provide SSA with adequate funding for its administrative budget. Between 2008 and 2010, Congress provided SSA with the necessary resources to start meeting its service delivery needs. With this funding, SSA was able to hire thousands of needed new employees. There can be no doubt that this additional staff greatly enhanced SSA program operations.

Unfortunately, SSA's administrative budget (Limitation on Administrative Expenses or LAE) has been inadequate in recent years. SSA has received virtually no increase in its LAE since 2010. In FY 2011, SSA's appropriation was a small decrease from the FY 2010 level and the FY 2012 appropriation was only slightly above the FY 2010 level.

Commissioner Astrue recently testified about the negative effects of cutbacks in SSA's administrative funds for Fiscal Year 2012 on the agency's ability to complete all of its post-entitlement work, including SSI status changes, and on the agency's resources for Information Technology (IT) investments.³ We urge Congress to provide SSA with adequate resources to carry out all necessary program functions.

b. Use enhanced automation to improve customer service and outcomes for beneficiaries.

As highlighted during this hearing, in recent years SSA has developed a number of automated tools to increase efficiency in handling an ever-increasing workload in times of declining administrative resources. SSA can expand on its efforts to use technology to improve the experience and outcomes of beneficiaries in several ways.

First, SSA should provide an option for individuals to complete an application for SSI online. Currently, applicants for Social Security Title II disability benefits can file online. Applicants for

³ Statement of Michael J. Astrue, Commissioner, Social Security Administration, before the Finance Committee of the U.S. Senate, May 17, 2012.

Title XVI benefits can fill out a Disability Report online, but must schedule an appointment with their local SSA field office to complete their application. Although the SSI eligibility criteria are complex, both SSI applicants and SSA would benefit from the availability of an option to complete the entire SSI application online. This option would be particularly helpful for individuals filing a concurrent application for Title II and Title XVI benefits.

Additionally, SSA needs to develop a better earnings reporting and recording system – including providing an option for online wage reporting for SSI recipients – that allows the agency to promptly adjust benefit payments. Unfortunately, adjustment of benefits is one area that has slipped due to staffing shortages. When a beneficiary faithfully notifies SSA of earnings or other changes that may reduce benefit payment amounts, it may be months or years before SSA sends an overpayment notice, demanding repayment of sometimes tens of thousands of dollars of accrued overpayments. Beneficiaries are shocked to receive these notices, when they reasonably assumed that SSA had processed the information they submitted. It is challenging, if not impossible, for someone subsisting on benefits alone to repay the overpayments. Many people with disabilities are wary of attempting to work out of fear that this may give rise to an overpayment. It is important to note that, in and of themselves, overpayments do not indicate fraud or abuse as beneficiaries are encouraged to work if they are able. The problems arise when reported earnings are not properly recorded and monthly overpayments are not properly adjusted. Improving SSA's earnings reporting and recording system will reduce overpayments and remove barriers for beneficiaries who wish to attempt to work.

SSA also should consider using its Continuing Disability Review Enforcement Model to help prevent overpayments before they happen. The Continuing Disability Review Enforcement Model is a computer algorithm that determines which disability cases should be prioritized for review to minimize large overpayments due to income from earnings, and initiate recovery efforts. This tool is an excellent example of how technology can increase efficiency and program integrity. SSA should also use it to target beneficiaries most in need of counseling about their benefits and reporting responsibilities, to prevent overpayments before they happen.

SSA also needs to enhance the use and operation of its toll free 1-800 telephone number. SSA directs many activities to this toll free number, from initiating a claim for benefits to reporting a change of address. Currently SSI-only beneficiaries can use the 1-800 number to report earnings, but SSDI beneficiaries cannot. Additionally, there is no "handshake" between the computer system used by SSA's 1-800 number staff and the systems used by local field and hearing offices. As a result, reports made by claimants via the 1-800 number often fail to be relayed to local field office and Office of Disability Adjudication and Review (ODAR) personnel. This can have terrible consequences. For example, if a claimant's change of address is not communicated to the local field or hearing office, the claimant may fail to receive notice of a hearing or of required appointments, which can result in delay and/or denial of benefits. Current beneficiaries may not receive notice of SSA's intention to terminate benefits. Enhancements to the 1-800 number can help prevent these kinds of problems.

Additionally, as SSA ramps up its technology for identifying potential income and resource eligibility issues, there is a long overdue need to establish an automated process for logging in appeals of adverse determinations and for having an automated process that assures continuation of benefits unchanged when an appeal or request for waiver is timely filed.

Finally, I would like to reiterate that SSA will need adequate administrative funding to make many of these improvements in automation possible.

Additionally, as noted above, many people with disabilities lack Internet access and remain unlikely to obtain information and access services through SSA's website. Even as SSA seeks to direct claimants to its website, it should continue to display and provide written publications in local field offices so that individuals lacking Internet access or computer proficiency are not at a disadvantage.

c. Ensure continuation of the Work Incentive Planning and Assistance (WIPA) and Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs.

The WIPA and PABSS programs, established in 1999, provide critically important employment services that help beneficiaries of Social Security's SSDI and SSI disability programs attain greater economic self-sufficiency.

WIPA grants go to local non-profits and other agencies to support outreach, education, and benefits planning services for SSI and SSDI beneficiaries about work incentives and services for finding, maintaining, and advancing in employment. WIPA grantees inform beneficiaries about the impact that employment will have on their disability income and medical coverage, and address many of the real fears that individuals have about going to work at the risk of losing health coverage.

PABSS provides a wide range of services to SSI and SSDI beneficiaries. This includes information and advice about obtaining vocational rehabilitation and employment services, information and referral services on work incentives, and advocacy or other legal services that a beneficiary needs to secure, maintain, or regain gainful employment.

The continued existence of the WIPA and PABSS programs is under serious threat. Although authorization for both programs expired on September 30, 2011, SSA was able to set aside funding to sustain the PABSS program until September 30, 2012 and the WIPA program until June 30, 2012. The recent expiration of funding for the WIPA program already has resulted in the layoffs of many well-trained employees. The impending expiration of funds for the PABSS program makes it impossible for PABSS agencies to engage in budget and planning activities and creates significant employment uncertainty for the PABSS advocates.

The CCD Social Security Task Force supports measures to continue the WIPA and PABSS programs, such as H.R. 6061, the *WIPA and PABSS Continuation of Services Act of 2012*, which would ensure SSA's authority to continue to provide funding for the programs.

d. Update the SSI asset and savings limits.

Congress should raise the SSI asset limit and income disregards and index them annually for inflation. The monthly unearned income disregard for an individual has remained at \$20 and the earned income disregard for an individual has remained at \$65 plus one-half of remaining earnings since the inception of the SSI program in 1972.⁶ Similarly, the SSI asset limit of \$2,000 for an individual or \$3,000 for a couple has not changed since 1989. Neither the income disregards nor the asset limit are indexed for inflation.

The extremely low income disregards mean that many SSI beneficiaries' earnings trigger an overpayment for even relatively modest amounts of work. Nearly half (about 45 percent) of SSI

⁶ U.S. House of Representatives, Committee on Ways and Means (2008) *Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means*.

beneficiaries who work earn less than \$200 per month.⁷ Increasing the earned income disregard and indexing it for inflation would help beneficiaries and make it easier for them to work. For SSA, it has the potential to reduce the agency's administrative workload for these low-wage earners, reduce overpayments, and perhaps lead to administrative savings.

Raising the asset limit and income disregards will also provide working beneficiaries the opportunity to save for home ownership, education, or retirement, and will protect their access to Medicaid.

For these reasons, we recommend raising both the asset limit and income disregards to the amounts that they would have been if indexed since their inception.

e. Support demonstrations that would benefit concurrent beneficiaries.

Concurrent beneficiaries of SSI and SSDI face a particularly complex set of earnings and asset rules. Demonstrations allow SSA to test additional ways to help beneficiaries navigate the system, including through program simplification and the use of technology. Currently, SSA has demonstration authority for its Title XVI programs, but demonstration authority for the Title II programs needs to be extended. Congress should extend SSA's Title II demonstration authority and should support innovative proposals such as the Work Incentives Simplification Pilot.

4. Conclusion.

In summary, I would like to emphasize the need for SSA to have adequate administrative resources, to use technology in ways that improve customer service and outcomes for beneficiaries, to continue the WIPA and PABSS programs, to look at making it easier for SSI beneficiaries to work by raising the SSI income exclusions and asset limit and indexing them for inflation, and to support demonstrations that would benefit concurrent SSI and SSDI beneficiaries.

Thank you for the opportunity to testify on behalf of the Consortium for Citizens with Disabilities Social Security Task Force on this important topic. I look forward to answering any questions you may have.

Submitted on behalf of:

Association of University Centers on Disabilities
 Bazelon Center for Mental Health Law
 Community Legal Services of Philadelphia
 Easter Seals
 Health and Disability Advocates
 National Alliance on Mental Illness
 National Association of Councils on Developmental Disabilities
 National Association of Disability Representatives
 National Organization of Social Security Claimants' Representatives
 The Arc of the United States
 National Disability Rights Network
 United Cerebral Palsy
 United Spinal Association

⁷ Table 46. Blind and disabled recipients who work and their average earnings, by selected characteristics. In Social Security Administration (2011). SSI Annual Statistical Report, 2010.

Chairman DAVIS. Mr. Besharov, you are recognized for 5 minutes.

**STATEMENT OF DOUGLAS J. BESHAROV, PROFESSOR,
SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND**

Mr. BESHAROV. Chairman Davis, Ranking Member Doggett, other Members of the Committee, it is a pleasure to be back.

It was a great pleasure listening to the other speakers because it is rare that we have this kind of agreement about the need to move forward, and I was really impressed when I read about the bipartisan work of this Committee on the data-matching and the modernization of means-testing programs.

I think I am here a little bit from another world, but let me tell you why I think it is all connected and why I think it is so important. In the other means-tested programs that I watch, whether it is food stamps, WIC, TANF, and so forth, the process of eligibility determination has become so expensive, and so much of that cost is on the States, that the States look—that the Federal Government helps the States to do everything they can to do less eligibility checking. So, for example, we have 1-year certifications of income in food stamps. So, for example, we don't have asset tests in food stamps anymore. Maybe a little bit of it is ideological, but the main reason is because it is too expensive to do those things in the modern world, the modern world where data processing and data searching are the low-cost answer.

My question is why should both liberals and conservatives want better eligibility determinations? And I want to spend a few minutes on that because I think that is the crux of this discussion.

It is not that everyone gets more payments under disability or everyone gets more payments under food stamps. It is a very haphazard process, and there is great unfairness. The technical term is horizontal inequity. That is to say, if I am lucky enough to be with a caseworker who says, "Oh, let us forget about this income," or if I am lucky enough to be with a caseworker who says, "Well, you deserve it even though you don't formally fall into the rules." That is just unfair. And the thing about automated systems is it becomes less possible for there to be that kind of unfairness. I think that is very important.

The second thing—and I am struck by this—is the possibility to do serious reform of the system as a whole and especially its disincentives to work. I was struck by the comments of my colleagues and also Mr. Doggett about the earnings limitations, the set-asides. Let me mention a few things about that and talk for the 2 minutes I have left about the U.K.

These programs are all interconnected. About 36 percent of SSI households also receive food stamps. If SSI goes down \$1, food stamps go up, I think, 33 cents, if I remember my math on this. If SSI goes up, food stamps go down. And this has to be done by hand. I was going to say across Committee jurisdictions, but it is really across agencies at the State and local level. We are in the 21st century. We shouldn't have to do it that way.

The U.K. has a process of making real-time eligibility determinations. And it is striking only when you think about U.S. Government actions, because, of course, when you use a credit card to buy

something, it is real time. And so the idea that we can't match what is happening in the U.K. is striking.

What the U.K. has been able to do (because it had a process of systematizing eligibility across programs), is to deal with the work disincentives embedded in these programs, whether it is the income set-aside, whether it is an earnings disregard, and whether it is the effect of food stamps.

As you probably know, depending on the family, and depending on the income, marginal tax rates in this country for means-tested programs can be over 100 percent, which is you earn 1 more dollar, and you owe the government more than \$1. In the U.K., they have been able—and it started under the Labor government, not just the Conservative/Liberal Democrat coalition—to reduce the maximum marginal tax rate to 65 percent. Many of us wish it was not that high. But I think this is the promise of modern technology.

I hope that this Committee will be able to pursue this topic this year and in the years to come. Thank you very much.

Chairman DAVIS. Thank you, Mr. Besharov.

[The prepared statement of Mr. Besharov follows:]

Testimony_Ways and Means_Use of Technology to Improve the Administration of
SSI's Financial Eligibility Requirements_12_0719A.wpd



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Testimony

Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

July 25, 2012

Chairman Davis, Ranking Member Doggett, and members of the Subcommittee, thank you for inviting me to testify on this important topic.

My name is Douglas Besharov, and I am a professor at the University of Maryland School of Public Policy, where I teach courses on poverty alleviation, program evaluation, and policy analysis. I also direct the university's Welfare Reform Academy (WRA) and Center for International Policy Exchanges (CIPE). Of particular relevance to this hearing is our project on "Learning from Abroad," which is designed to glean policy ideas from other nations. Our web site is www.umdcipe.org.

The topic of today's hearing is the "Use of Technology to Improve the Administration of SSI's Financial Eligibility Requirements." Modern technology, of course, can be a mixed blessing, and in every case one should weigh the benefits against the costs of adopting a new system.

My testimony focuses on the human side of program implementation, and how modern technology can be used to limit "eligibility creep." Eligibility creep is the process through which program's are successively expanded through a series of small steps, many of whose impacts are

imperceptible at the time.

I would like to discuss two aspects of this process. The *first* is the progressive statutory and administrative expansion of eligibility through small changes in law or process that, on their own, might seem a reasonable adjustment to the circumstances, but that have the cumulative effect of dramatically increasing eligibility.

The *second* is the documented tendency for eligibility rules to be applied in a progressively more generous manner by first-level agency staff. Those who deal directly with program recipients (“street-level bureaucrats” and their supervisors) generally have wide discretion in determining program eligibility. This discretion stems from two sources: (1) the variability of the circumstances of clients requires that the street-level bureaucrat use discretion; and (2) the complex and sometimes contradictory regulations and policies that are given to street-level bureaucrats for implementation allow “front-line workers to selectively apply rules that are too voluminous to enforce in their totality.”¹

This is especially true in means-tested programs where the determination of income is often based on a series of difficult to monitor decisions. (It often also applies to the determination of “disability.”) Although these realities are usually viewed as generating inappropriate government spending, at a deeper level, they can also generate serious problems of horizontal equity, that is, giving benefits to some who are relatively better off than others simply because of the particular preferences of the street-level decision maker.

Last September, I testified before this subcommittee about the expansion of safety-net programs caused by eligibility expansions both before and after the recession, as well as by the continuing high level of unemployment. Depending on what programs one counts, the federal and state governments are now providing the highest levels of means-tested assistance than at any time in our history.

Many see these expansions as a long overdue increase in aid to low-income Americans, and that may or may not be true. But the larger point is that setting and implementing eligibility rules—concerning income and assets—for these programs should be an explicit element of national policy making, not the result of piecemeal, unexamined decisions. On this point, I believe that this committee’s work on the application of modern technology—facilitated by data standardization—can help enormously. I know that this has been a bipartisan effort, difficult in these times, but much appreciated by those of us in the field.

I have spent more time studying the Supplemental Nutrition Assistance Program (SNAP) (what used to be called “food stamps”) and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) eligibility and enrollment than disability programs, but the experiences of these programs provide useful lessons for disability programs about the

¹ Marcia Meyers and Susan Vørsanger “Street-Level Bureaucrats and Public Policy” in *The Handbook of Public Administration*, eds. B. Guy Peters and Jon Pierre (Thousand Oaks, CA: Sage, 2003), 247.

importance of well-established rules concerning income and assets—systematized and monitored by modern technology systems.

Since 2000, SNAP and WIC caseloads and expenditures have increased dramatically.

- Between 2000 and 2011, the SNAP caseload increased by about 160 percent (from 17.2 million individuals to about 44.7 million individuals) and expenditures rose by about 234 percent (from \$22.6 billion to \$75.7 billion).²
- In the same period, the WIC caseload increased by 25 percent (from about 7.2 million to about 9 million women, infants, and children) and WIC expenditures rose by about 36 percent (from \$5.2 billion to about \$7.2 billion)³ not counting the rising costs to states of income formula reimbursements (from about an additional \$1.7 billion in 2000 to about \$1.9 billion in 2007, the last year for which these data are available).⁴

This rise in caseloads in the SNAP caseload is greater than the increase in the number of eligibles (through increasing poverty and the number of new mothers, infants, and children)⁵ would predict.

- Between 2000 and 2010, the number of individuals in families with incomes below 130 percent of poverty increased by 17.1 million, from about 45.8 million to about 62.9 million.⁶ In that same period, the number of SNAP recipients increased by 23.1 million;

²U.S. Department of Agriculture, Food and Nutrition Service, “Supplemental Nutrition Assistance Program Participation and Costs,” <http://www.fns.usda.gov/pd/SNAPsummary.htm> (accessed July 13, 2012).

³U.S. Department of Agriculture, Food and Nutrition Service, “WIC Program Participation and Costs,” <http://www.fns.usda.gov/pd/wisummary.htm> (accessed July 13, 2012).

⁴Douglas J. Besharov and Douglas M. Call, *The Expansion of WIC Eligibility and Enrollment: Good Intentions, Uncontrolled Local Discretion, and Compliant Federal Officials* (College Park, MD: Welfare Reform Academy, March 2009). http://welfareacademy.org/pubs/foodassist/The_Expansion_of_WIC_Eligibility_and_Enrollment_09_0305A.pdf (accessed July 13, 2012).

⁵Actually, between 2000 and 2011, there was a slight decline in births, from 4.06 million to 3.96 million. (During that period, they also rose to an all-time high of 4.31 million in 2007.) Brady E. Hamilton and Paul D. Sutton, *Recent Trends in Births and Fertility Rates Through December 2011* (Atlanta: Centers for Disease Control and Prevention, May 2012). http://www.cdc.gov/nchs/data/hestat/births_fertility_december_2011/births_fertility_december_2011.pdf (accessed July 12, 2012).

⁶University of Maryland Poverty Analysis and Tabulation Tool, version 4.7.1; and U.S. Census Bureau, “Age and Sex of All People, Family Members, and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race: 2010,” http://www.census.gov/hhes/www/cpstable/032011/pov/new01_130_01.htm (accessed July 12, 2012)

from about 17.2 million to about 40.3 million.⁷

Why have SNAP and WIC caseloads and expenditures increased so much? Although a struggling economy and an increase in poverty certainly contribute to the increase in enrollment, statutory and administrative expansions in eligibility and loosened criteria and processes for determining income have also been major contributors. Here's what has happened under SNAP:

SNAP

- **Nullified assets tests.** To meet SNAP asset requirements, a household must have below \$2,000 in assets (\$3,000 for households with a disabled individual) and no more than one vehicle (worth less than \$4,650). Houses, retirement accounts, and personal property are not counted as assets. The Agricultural Appropriations Act of 2000 allows states the option of using the vehicle asset test of their Temporary Assistance to Needy Families (TANF) program for SNAP recipients instead of the SNAP vehicle asset test.⁸ As of November 2010, thirty-three states and D.C. excluded the value of all vehicles and another fifteen states exclude the value of one vehicle.⁹ Using the categorical eligibility provisions created by USDA regulations in 2000 (described below), states also have the option of using the asset tests in their TANF programs in place of the SNAP asset test. Thirty-six states exercise this option and do not have an asset test for SNAP recipients.¹⁰
- **Verifying income eligibility only once a year.** Prior to the Farm Security and Rural Investment Act of 2002 ("2002 Farm Bill"), all households were required to recertify their earnings every three months. For households with earnings, states had the option of using "simplified reporting," which increased the certification periods for households to up to one year (with households required to report a change in earnings only if their earnings exceeded the gross income limit of 130 percent of poverty). Income was

⁷U.S. Census Bureau, "Age and Sex of All People, Family Members, and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race: 2007," http://www.census.gov/hhes/www/cpstables/macro/032008/pov/new01_135_01.htm (accessed July 12, 2012); and U.S. Census Bureau, "Age and Sex of All People, Family Members, and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race: 2010," http://www.census.gov/hhes/www/cpstables/032011/pov/new01_135_01.htm (accessed July 12, 2012).

⁸David Super and Stacy Dean, *New State Options to Improve the Food Stamp Vehicle Rule* (Washington, DC: Center on Budget and Policy Priorities, January 2001), <http://www.cbpp.org/cms/?fa=view&id=870> (accessed July 13, 2012).

⁹U.S. Department of Agriculture, *Supplemental Nutrition Assistance Program: State Options Report* (Alexandria, VA: U.S. Department of Agriculture, November 2010), http://www.fns.usda.gov/snap/rules/Memo/Support/State_Options/9-State_Options.pdf (accessed July 12, 2012).

¹⁰Gene Falk and Randy A. Aussenberg, *The Supplemental Nutrition Assistance Program: Categorical Eligibility* (Washington, DC: Congressional Research Service, March 2012), <http://www.nationaltaxlawcenter.org/assets/crs/R42054.pdf> (accessed July 13, 2012).

required to be re-verified every six months. The 2002 Farm Bill gave states the option of using simplified reporting for all SNAP households, not just those with earnings. As of November 2010 (the latest data available), forty-seven states and D.C. used simplified reporting.¹¹

What impact do these rules have on enrollment and program costs? Maria Hanratty of the University of Minnesota found that relaxing of certification requirements in the food stamp program—that is, extending certification periods to six months and requiring food stamp recipients to report a change in income during the certification period only if it results in their income exceeding 130 percent of poverty—led to a 9.2 percent increase in food stamp participation between 2001 and 2003 (using the 2001 panel of the SIPP).¹²

- **Ignoring the income of others in the household.** A SNAP household is defined as “a group of individuals who live together and customarily purchase food and prepare meals together for home consumption.”¹³ Some states, however, implement the statute in a way that allows for broader eligibility. In Massachusetts, for example, SNAP applicants self-report their household composition and state agency verification of household composition is only required if there is something “questionable” about the reported household composition. In addition, Massachusetts does not require that the households store food separately from others who live in the house or that they use separate cooking facilities.¹⁴
- **Counting less income and allowing more deductions in calculating income.** To be eligible for SNAP, recipients must have *gross income* below 130 percent of the poverty line and *net income* below 100 percent of the poverty line. The gross income requirements are waived for recipients who are categorically eligible for SNAP benefits. Net income is calculated by taking gross income and subtracting a number of deductions: a standard deduction (for “basic unavoidable costs”), a 20 percent earnings deduction, a dependent care deduction, a child support deduction for recipients paying child support, a

¹¹U.S. Department of Agriculture, *Supplemental Nutrition Assistance Program: State Options Report* (Alexandria, VA: U.S. Department of Agriculture, November 2010), http://www.fns.usda.gov/snap/rules/Memo/Support/State_Options/9-State_Options.pdf (accessed July 12, 2012).

¹²Maria Hanratty, “Has the Food State Program Become More Accessible? Impacts of Recent Changes in Reporting Requirements and Asset Eligibility Limits,” *Journal of Policy Analysis and Management* vol. 25, no. 3 (2006): 603–621, <http://www3.interscience.wiley.com/cgi-bin/fulltext/112651064/PDFSTART> (accessed November 14, 2008).

¹³*Food Stamp Act of 1977*, as amended through Public Law 108–269, 108th Cong., 2d sess. (July 2, 2004), sec. 3(i)(1)(B), <http://agriculture.senate.gov/Legislation/Compilations/FNS/FSA77.pdf> (accessed July 16, 2012).

¹⁴Patricia Baker, Deborah Harris, Laura Gallant, Rochelle Hahn, and Helene Newberg, *An Advocate’s Guide to the SNAP/Food Stamps/Supplemental Nutrition Assistance Program in Massachusetts* (Boston, Massachusetts Law Reform Institute, January 2012), <http://www.masslegalhelp.org/income-benefits/food-stamps-advocacy-guide/> (accessed July 16, 2012).

shelter deduction, and a medical expenses deduction for the elderly or disabled. The 2002 and 2008 Farm Bills (officially the “Food, Conservation, and Energy Act of 2008”) increased the amount of the standard deduction, removed the cap of the dependent care deduction, and allowed states to not require recipients to report changes in their deductions until their next recertification.¹⁵ In 2010, the USDA reported that SNAP recipients with earned income had an average monthly gross income of \$1,174, but net incomes of only \$544, a difference of \$630 dollars.¹⁶ This has the effect of increasing the number of eligible households and incentivizing eligible non-recipient households to enroll to take advantage of higher benefits.

- **Increasing the amount of benefits.** The 2008 Farm Bill increased the minimum monthly SNAP benefits from \$10 a month to “8 percent of the thrifty food plan for a household of one” for one- and two-person households (about \$16 a month in 2012).¹⁷ The 2009 American Recovery and Reinvestment Act (ARRA) increased the maximum benefit amount for each size of SNAP households by another 13.6 percent.¹⁸ These increases may have contributed to the increase in the take-up rate of SNAP benefits because they increased the amount of SNAP benefits for eligible households with earnings for whom the initial benefit otherwise would have represented a negligible increase in their income. According to researchers at the USDA, “The percentage of eligible individuals choosing to participate in SNAP also rose from 54.1 percent in fiscal year 2002 to 72.2 percent in fiscal year 2009.”¹⁹

¹⁵U.S. Department of Agriculture, Food and Nutrition Service, “2002 Farm Bill: Section-by-Section Summary of Provisions Affecting Food Stamp Provisions,” http://www.fns.usda.gov/ega/2002_farm_bill/food_stamps.html (accessed July 13, 2012); and Dottie Rosenbaum, *Food Stamp Provisions of the Final 2008 Farm Bill* (Washington, DC: Center on Budget and Policy Priorities, July 2008), <http://www.cbpp.org/cms/index.cfm?fa=view&id=310> (accessed July 13, 2012).

¹⁶Esa Eslami, Kai Filion, and Mark Strayer, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2010* (Alexandria, VA: U.S. Department of Agriculture, September 2011), <http://www.fns.usda.gov/ora/menu/published/snap/FILES/Participation/2010Characteristics.pdf> (accessed July 13, 2012).

¹⁷Dottie Rosenbaum, *Food Stamp Provisions of the Final 2008 Farm Bill* (Washington, DC: Center on Budget and Policy Priorities, July 2008), <http://www.cbpp.org/cms/index.cfm?fa=view&id=310> (accessed July 13, 2012); and Community Resources Information, “SNAP Food Stamps: What Benefits Will I Get?” <http://www.mastresources.org/snap-benefits.html> (accessed July 13, 2012).

¹⁸Mark Nord and Mark Prell, *Food Security Improved Following the 2009 ARRA Increase in SNAP Benefits* (Alexandria, VA: U.S. Department of Agriculture, April 2011), <http://www.ers.usda.gov/media/127913/err116.pdf> (accessed July 13, 2012).

¹⁹Esa Eslami, Kai Filion, and Mark Strayer, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2010* (Alexandria, VA: U.S. Department of Agriculture, September 2011), 21, <http://www.fns.usda.gov/ora/menu/published/snap/FILES/Participation/2010Characteristics.pdf> (accessed July 13, 2012).

- **Five months of transitional benefits regardless of income.** TANF recipients who are leaving welfare for work are eligible to receive “transitional SNAP benefits” even if they no longer meet the income requirements. The amount of their benefits is based on the amount they received (or would have received) in their final month of TANF, adjusted for the loss in TANF income.²⁰ The 2002 Farm Bill extended the number of months of transitional SNAP benefits from three to five.
- **Categorical eligibility to incomes of 200 percent of poverty.** Categorical eligibility for SNAP was first introduced in the Food Security Act of 1985. Recipients of the old AFDC program, SSI, and state general assistance programs were made eligible to receive food stamps simply by virtue of their being recipients of these other government programs. When TANF replaced AFDC as the cash welfare program of the United States in 1996, TANF recipients were also given categorical eligibility. However, because TANF money could be used for more than just cash assistance, it was unclear who constituted a “TANF recipient.”²¹
- **Eligibility for noncitizens.** The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 made noncitizens ineligible to receive SNAP benefits. The 2002 Farm Bill restored eligibility to legal noncitizens who (1) have been in the United States for five years, (2) are under age eighteen, or (3) receive disability benefits.²¹

In 2000, the USDA issued regulations regarding TANF categorical eligibility for SNAP that allow states the option of conferring categorical eligibility for SNAP on a TANF family if at least one member of the family receives or is authorized to receive TANF-funded cash assistance or “nonassistance”²² As of January 2012, five states restricted categorical eligibility to the receipt of cash assistance and five states restrict categorical eligibility to the receipt of cash assistance or specified nonassistance such as child care; the remaining forty states and D.C. confer categorical eligibility through the receipt of either cash assistance or any nonassistance provided using TANF funds, including such minimal elements as pamphlets describing benefit programs.

The SNAP regulations also impose a cap of 200 percent of poverty on income eligibility for SNAP categorical eligibility established by the receipt of TANF nonassistance under

²⁰U.S. House of Representatives, Committee on Ways and Means, *Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means* (Washington, DC: U.S. House of Representatives, 2008), <http://democrats.waysandmeans.house.gov/media/pdf/110/food.pdf> (accessed July 13, 2012).

²¹U.S. Department of Agriculture, *Supplemental Nutrition Assistance Program: Guidance on Non-Citizen Eligibility* (Alexandria, VA: U.S. Department of Agriculture, June 2011), http://www.fns.usda.gov/snap/government/pdf/Non-Citizen_Guidance_063011.pdf (accessed July 13, 2012).

²²TANF nonassistance can include non-recurrent, lump sum benefits, child care, transportation and work subsidies, state earned income tax credits, and counseling.

purposes three and four of TANF (to prevent and reduce the incidence of out-of-wedlock pregnancies and to encourage the formation and maintenance of two-parent families). The SNAP regulations do not impose an income eligibility cap for TANF purposes one and two (provide assistance to needy families and reduce the dependence of needy families by promoting job preparation, work and marriage), but all states that confer TANF through nonassistance have instituted one. As of January 2012, thirteen of these states had set their gross income caps to 130 percent of poverty; the remaining twenty-seven states and D.C. have gross income caps higher than 130 percent but no more than 200 percent of poverty.²³

The foregoing conclusions are widely shared by careful observers of the program. A USDA report comes to a similar conclusion:

The increase in SNAP participants since 2001 coincided with expansions in SNAP eligibility, such as the relaxation of vehicle rules, the restoration of eligibility for many legal noncitizens, and the expansions in categorical eligibility as well as outreach efforts promoted by FNS. From 2001 to 2003, the increase also coincided with a rise in the unemployment rate and a weakening economy (Table 2.1). From 2004 to 2006, even though the economy improved, participation continued to grow as eligibility expanded. In particular, on October 1, 2003, all legal immigrant children became eligible for SNAP. In addition, States continued to relax vehicle rules and expand categorical eligibility. From 2007 to 2010, participation continued to grow as the economy weakened and the unemployment rate began to rise again. The number of SNAP participants continued to rise during fiscal year 2011, reaching 45.2 million in June 2011.

At the same time, two other factors that likely contributed to the sizeable rise in participation were the increase in maximum benefit allotments under ARRA in April 2009 and the increase in the number of States adopting BBCE [broad-based categorical eligibility] policies. The percentage of eligible individuals choosing to participate in SNAP also rose from 54.1 percent in fiscal year 2002 to 72.2 percent in fiscal year 2009. Total SNAP costs increased from \$53.6 billion in fiscal year 2009 to \$68.3 billion in fiscal year 2010, largely as a result of the increase in SNAP participants and the annual increase in maximum allotments, which were driven by the increase in the TFP.²⁴

²³Gene Falk and Randy A. Aussenberg, *The Supplemental Nutrition Assistance Program: Categorical Eligibility* (Washington, DC: Congressional Research Service, March 2012). <http://www.nationalaglawcenter.org/assets/crs/R42054.pdf> (accessed July 13, 2012).

²⁴Esa Eslami, Kai Filion, and Mark Strayer, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2010* (Alexandria, VA: U.S. Department of Agriculture, September 2011), 10–11. <http://www.fns.usda.gov/ora/menu/published/snap/FILES/Participation/2010Characteristics.pdf> (accessed July 13, 2012).

WIC

The experience under WIC of loosening the application of eligibility rules is similar. According to calculations by Douglas Call and me, modifications in the WIC program substantially increased the estimated number of WIC eligibles. Across all categories of WIC eligibles, the percent of the relevant U.S. population estimated to be eligible for WIC in 2003 rose from about 33 percent to about 54 percent. The proportion of eligible infants rose from about 40 percent to about 63 percent; for children, it increased from about 31 percent to about 53 percent; and for pregnant and postpartum women, it increased from about 34 percent to about 49 percent.²⁵

- **Ignoring the income of others in the household.** To determine income eligibility, WIC agencies are supposed to count the income of the entire household—if it is shared. Many agencies do not do so, however, and instead count the income of only the nuclear family, leaving out other sources of household income—for example, from grandparents, siblings, and boyfriends. The failure to count all of the household's income can, by itself, expand eligibility over the base of those with annual incomes below 185 percent of poverty by about 20 percent.²⁶
- **Choosing the time period with the lowest income.** Because incomes can rise and fall throughout the year, WIC agencies are allowed to choose among annual, monthly, or weekly income. USDA regulations allow (but do not mandate) states to require that agencies select the period that “more accurately reflects the family’s status.”²⁷ (The one exception, and it is substantial, is lower current income caused by unemployment.)²⁸ Most WIC agencies, however, simply seem to use the lowest income, whichever it is, in order to maximize eligibility. This failure to use the most appropriate income period can,

²⁵In an earlier estimate based on similar but not identical adjustments, Bitler, Currie, and Scholz estimate that, in 1998, approximately 58 percent of infants, 54 percent of pregnant and postpartum women, and 57 percent of children (ages one to five) were eligible for WIC in a given month. Marianne P. Bitler, Janet Currie, and John Karl Scholz, “WIC Eligibility and Participation,” *Journal of Human Resources* 38, no. 4 (September 2003): 1139–1179, <http://web.ebscohost.com/ehost/pdf?vid=3&hid=4&sid=dd4e1a93-e6bb-41bb-bd9d-a460755ad78%40sessionmgr13> (accessed October 13, 2008).

²⁶This is an independent effect, and could be smaller when present in combination with the other practices discussed in this paper.

²⁷U.S. Department of Agriculture, Food and Nutrition Service, “WIC Program Regulations,” *Code of Federal Regulations*, title 7, sec. 246.7(d)(2)(i), (2007): 331. <http://www.fns.usda.gov/wic/lawsandregulations/WICRegulations-7CFR246.pdf> (accessed July 16, 2007).

²⁸Sec U.S. Department of Agriculture, Food and Nutrition Service, “WIC Program Regulations,” *Code of Federal Regulations*, title 7, sec. 246.7(d)(2)(I), (2008): 354. <http://www.fns.usda.gov/wic/lawsandregulations/WICRegulations-7CFR246.pdf> (accessed July 10, 2008), stating: “However, persons from families with adult members who are unemployed shall be eligible based on income during the period of unemployment if the loss of income causes the current rate of income to be less than the State or local agency’s income guidelines for Program eligibility.”

by itself, expand eligibility over the base of those with annual incomes below 185 percent of poverty by about 20 percent.²⁹

- **Verifying income eligibility only once a year.** Once found income-eligible, successful applicants do not have their income eligibility recertified for six months or more (up to one year for infants)—even if incomes rise during that “certification period” which would make them otherwise ineligible. WIC’s six- and twelve-month certification periods can, by themselves, expand eligibility over the base of those with annual incomes below 185 percent of poverty by as much as 30 percent.³⁰
- **Categorical eligibility for incomes up to 300 percent of poverty or higher.** As with SNAP, eligibility for WIC is also established categorically; that is, it is automatically granted to members of families who are receiving³¹ SNAP, Medicaid, or TANF (if they can “provide documentation of receipt of assistance”).³² When this provision was added to the law, income eligibility for these programs was set below 185 percent of poverty. Hence, the original purpose of categorical eligibility was not to expand eligibility, but simply to facilitate the enrollment process. However, recent expansions of Medicaid and SCHIP-funded Medicaid expansions have begun to raise income limits for those programs to as high as 300 percent of poverty, making categorical eligibility a potential source of substantially greater WIC eligibility. Under current Medicaid eligibility rules, categorical eligibility can, by itself, expand eligibility over the base of those with annual incomes below 185 percent of poverty by as much as 35 percent. And, barring legislative change, there is no limit to how much WIC eligibility can expand—via further expansions of Medicaid and SCHIP.

²⁹This is an independent effect, and could be smaller when present in combination with the other practices discussed in this paper.

³⁰This is an independent effect, and could be smaller when present in combination with the other practices discussed in this paper.

³¹Although the statute uses the word “receiving,” WIC regulations do not require applicants to actually be receiving assistance, as long as they have been “certified eligible to receive assistance” under the programs. U.S. Department of Agriculture, Food and Nutrition Service, “WIC Program Regulations,” *Code of Federal Regulations*, title 7, sec. 246.7 (2007), <http://www.fns.usda.gov/wic/lawsandregulations/WICRegulations-7CFR246.pdf> (accessed June 25, 2007). The certification is made by the Food Stamp, TANF, or Medicaid programs, not WIC. Zoë Neuberger, Center on Budget and Policy Priorities, e-mail message to author, June 29, 2007. Presumably, the difference is de minimus, and most researchers estimate categorical eligibility on the basis of being “enrolled in” or being “participants” in the food stamp, Medicaid, or TANF programs. See Michele Ver Ploeg and David Betson, eds., *Estimating Eligibility and Participation for the WIC Program: Final Report* (Washington, DC: National Academies Press, 2003), 50; Marianne Bitler and Janet Currie, “Medicaid at Birth, WIC Take-Up, and Children’s Outcomes” (discussion paper, Institute for Research on Poverty, University of Wisconsin-Madison, Madison, WI, August 2004), 2, <http://www.irp.wisc.edu/publications/dps/pdfs/dp128604.pdf> (accessed June 25, 2007).

³²*Child Nutrition Act of 1966*, as amended through Public Law 109-85, 109th Cong., 1st sess. (October 4, 2005), sec. 17(d), <http://agriculture.senate.gov/Legislation/Compilations/FNS/CNA66.pdf> (accessed June 25, 2007).

- **Nutritional risk assumed.** In addition to being income-eligible or categorically eligible, WIC applicants are supposed to be at “nutritional risk.” It appears, however, that this provision has little practical impact on eligibility determinations. In a widely noted practice, WIC agencies find almost all applicants to be at nutritional risk.³³ In 2005, the Food and Nutrition Services issued WIC Policy Memorandum 98-9, Revision 8 which reduced the number of dietary risk criteria from nineteen to five and provided definitions for each of the five criteria. Most importantly, in accordance with the recommendation from the IOM’s 2002 report, FNS included “presumed dietary risk” as a part of the criterion “Failure to Meet *Dietary Guidelines for Americans*.” This criterion indicates that “women and children two years of age and older who meet the eligibility requirements of income, categorical, and residency status may be presumed to be at nutritional risk.”³⁴ This criterion was adopted in accordance with the findings of the IOM that “nearly all U.S. women and children usually consume fewer than the recommended number of servings specified by the Food Guide Pyramid and, therefore, would be at dietary risk based on the criterion *failure to meet Dietary Guidelines*.”³⁵ The failure to assess actual nutritional risk can, by itself, expand eligibility by as much as 25 percent.³⁶

Remedies

As I mentioned above, many see these expansions as long overdue increases in aid to low-income Americans, but I do not think that is the point. Taken separately, it was difficult to predict how large an impact they would have on enrollment and spending—or on the horizontal inequity and work disincentives that often result. Senior policy makers should have more control over such significant benefit allocation decisions.

The use of modern technology could enable us to do better. *First*, a fully automated system of income reporting and eligibility calculation would reduce (although not eliminate) the discretion that “street-level bureaucrats” have to stretch the rules. *Second*, such automated systems contain the program modeling tools that would have enabled us to predict the individual

³³Institute of Medicine, *Dietary Risk Assessment in the WIC Program* (Washington, DC: National Academies Press, 2002), 133, stating: “Presume that all women and children ages 2 to 5 years who meet the eligibility requirements of income, categorical, and residency status also meet the requirement of nutrition risk through the category of dietary risk based on *failure to meet Dietary Guidelines*, where *failure to meet Dietary Guidelines* is defined as consuming fewer than the recommended number of servings from one or more of the five basic food groups (grains, fruits, vegetables, milk products, and meat or beans) based on an individual’s estimated energy needs.”

³⁴U.S. Department of Agriculture, Food and Nutrition Service, “WIC Policy Memorandum 98-9, Revision 8: 401 Failure to Meet Dietary Guideline for Americans” (Alexandria, VA: USDA, March 2005), 1

³⁵U.S. Department of Agriculture, Food and Nutrition Service, “WIC Policy Memorandum 98-9, Revision 8: 401 Failure to Meet Dietary Guideline for Americans” (Alexandria, VA: USDA, March 2005), 2.

³⁶This is an independent effect, and could be smaller when present in combination with the other practices discussed in this paper.

and collective impact of the various legislative and administrative changes that so expanded enrollment on programs like SNAP, WIC, and SSDI/SSI.

I mentioned in opening that I lead a project on cross-national studies of social policy issues. In that project, we have been following development of the UK's "Universal Credit." It illustrates the promise of harnessing technology to eligibility and award-setting determinations.

The creation of the Universal Credit takes advantage of a simplified payroll reporting system that the UK will implement nationwide in 2013. UK employers are required to withhold employees' income taxes and National Insurance taxes and submit those taxes to the national government each month. At the end of the year, Her Majesty's Revenue and Customs (HMRC) calculates the amount of tax owed versus the amount of tax paid for each individual and then either issues a tax bill or refund. (This end-of-year process is called "reconciliation.")³⁷

The HMRC is currently piloting a new payroll system called the Real-Time Information (RTI) system that links with employer payroll software to automatically transfer employee payroll information and taxes each pay period (either bi-weekly or monthly). In 2013, all employers will be required to report via the RTI. The Department of Work and Pensions will link the payroll information from the RTI to the Universal Credit system to automatically calculate the amount of claimants' UC benefits when employers automatically submit monthly earnings. (Claimants are also required to report any additional income.)³⁸

The model, of course, is not directly transplantable to the much larger and diverse U.S. economy, but the possibilities opened by this kind of technology are tantalizing.

A not-so-secondary benefit of the "Universal Credit" is that it will combine tax credits, social assistance (including benefits for the low-income unemployed), disability benefits, and housing credits into a *single benefit*. This will create a single phase-out rate for benefits, reduce the high marginal tax rate for low-income workers, and eliminate the duplication and complexity of previously existing benefit programs. The government estimates that combining these programs will create a marginal tax rate of 65 percent,³⁹ lower and more straightforward than the current system. First payments under the Universal Credit program will begin in 2013.

The U.S. has a similar problem with high marginal tax rates under many means-tested

³⁷Chartered Institute of Taxation. "PAYE Reconciliation: Questions and Answers." http://www.tax.org.uk/media_centre/blog/Technical/PAYE+QAs (accessed July 16, 2012).

³⁸Department for Work and Pensions. *Universal Credit: Welfare that Works* (London: Department for Work and Pensions, 2010), <http://www.dwp.gov.uk/docs/universal-credit-full-document.pdf> (accessed July 16, 2012).

³⁹Department for Work and Pensions. *Universal Credit: Welfare That Works* (London: Department for Work and Pensions, 2010), <http://www.dwp.gov.uk/docs/universal-credit-full-document.pdf> (accessed May 20, 2011) and Department for Work and Pensions. *21st Century Welfare* (London: Department for Work and Pensions, 2010), <http://www.dwp.gov.uk/docs/21st-century-welfare.pdf> (accessed July 5, 2011).

government benefits (especially as they interact)—which create substantial disincentives for low-income Americans to work. SSI recipients, for example, have their first \$65 in earnings disregarded but then lose 50 cents in benefits for each additional dollar earned until their earnings exceed the maximum allowed amount.

Considering all the programs for which a family could be eligible (TANF, SNAP, the EITC, UI, child care, housing benefits, and health benefits), Adam Carasso and Eugene Steuerle of the Urban Institute estimate that, in 2005, the average marginal tax rate for households making between \$10,000 and \$40,000 was about 89 percent.⁴⁰ That is an admittedly extreme case, but consider the much more likely possibility: according to other Urban Institute researchers, if a mother working twenty hours a week increased her hours to thirty-five hours a week (to an annual income of around \$13,000), her income would increase by only 20 percent because of corresponding declines in government benefits.⁴¹

As the UK's new Universal Credit program illustrates, modern technology holds the key to untangling and rationalizing marginal tax rates—so that they are less of an obstacle to encouraging recipients to work.

Before closing, I want to congratulate this subcommittee for its bipartisan achievements in the area of data standardization. Without the progress that has already been made—and I hope, will be made—modern technology cannot easily achieve its promise to streamline systems. The process of data standardization begun by this subcommittee will greatly facilitate the implementation of automated cross-program eligibility and payment systems. The coming years, I am sure, will see the fruit of this fundamental work.

Thank you.

⁴⁰Adam Carasso and Eugene Steuerle, *The Hefty Penalty on Marriage Facing Many Households with Children* (Washington, DC: Urban Institute, 2005), http://futureofchildren.org/futureofchildren/publications/docs/15_02_09.pdf (accessed June 18, 2012).

⁴¹Gregory Acs, Norma Coe, Keith Watson, and Robert I. Lerman, *Does Work Pay? An Analysis of the Work Incentives Under TANF* (Washington, DC: Urban Institute, 1998), <http://www.urban.org/PDF/occa9.pdf> (accessed June 22, 2012).

Chairman DAVIS. The trend in some means-tested programs like food stamps has been to waive complex eligibility rules, especially asset tests, in order to speed eligibility determination and expand benefit receipt. In the manufacturing world that I grew up in, in business, we call that expediting, where you step aside from established processes and rules, and in the long run you can actually create more cost. And thus, the more you process, the higher your cost per item until it completely flips the cost structure upside down on what we call customer service or the equivalent of a banking transaction.

States, especially when spending Federal, not State, dollars, seem less interested in making the administrative effort needed to effectively verify income and asset levels, thus suggesting they need a stake in this game as well. But as a result, today one in seven Americans is eligible for food stamps at a cost of over \$70 billion in 2011, three times what it was in 2002 when the asset test was more consistently applied.

Listening to all of your testimony today, it appears technology solutions exist to overcome these administrative barriers, or islands of excellence in various parts of government and out in the State, but not connected in an integrated manner yet. For asset verification under AFI, banks are responding in an average of 7 days, with more than a quarter reporting back in 24 hours, which is a big step forward. Meanwhile, the United Kingdom is moving to a system with real-time wage data.

Mr. Soczynski or Mr. Besharov, are any of the issues and solutions we have talked about today unique to the SSI program versus other programs? Go ahead, Mr. Soczynski.

Mr. SOCZYNSKI. No, actually they are not. And I think that is the applicability of the Medicaid solution in similar environments. The connection between the government agency and the financial institutions to share that account balance information is applicable and transferable to other such programs.

Chairman DAVIS. Mr. Besharov.

Mr. BESHAROV. I think that is right. I agree. The one thing I would add to that is something that you mentioned, Mr. Davis, and that is the fact that States share in the cost of eligibility and administration, but not in the cost of the actual program. That is a formula to encourage cutting back on eligibility determination. Not only does the State save money that way, but easier eligibility brings more money into the State.

One thing I would like to also mention, since these rules are different across programs, TANF to food stamps to disability, and other programs as well, (housing), you incentivize States to game the system. Many people wonder why the TANF program hasn't grown in this time of economic difficulty. There are many reasons; who is affected, unemployment rates, and so forth. But I think one very big reason is States pay all of TANF costs. They pay none of food stamps cost. And so why should we be surprised if the food stamp caseload has gone up and the TANF caseload has not? And the same for the disability caseload. So these incentives that are built into the system create distortions that we should all be uncomfortable with.

Chairman DAVIS. Ms. Colvin and/or Mr. O'Carroll, in your interactions with other agencies, do you see the same types of issues? In fact, have any other agencies approached you, or have you shared your experience with others in terms of trying to streamline the integration of processes?

Ms. COLVIN. I have found that there is a very strong interest among other agencies. Let me speak first to the State level, though, because I came out of the State. I administered all of the means-tested programs at the State level.

The States are very interested in innovation and creativity. They are interested in automation. For them it has been a big resource issue. Unlike at the Federal level, where you have one agency administering the program, many of these programs are administered at the local level in addition to the State.

But at the Federal level, we have a Benefits Processing Work Group. We have presented AFI to them. They are very interested. I think the standardization of data that you are proposing will be helpful.

But we have been working with most of the benefit-paying agencies like VA and CMS and the Office of Child Support Enforcement. And there is a very strong interest, and we are continuing to work with them in that regard.

Chairman DAVIS. Mr. O'Carroll.

Mr. O'CARROLL. Mr. Chairman, I agree that working with the other departments and other agencies on this is very important, and woven into this are the matching agreements between all the agencies.

We can't compare data with other agencies that are doing the same type of work that we are doing, trying to identify income and wages and other information. We can't do that without a matching agreement. It takes years, and usually by the time we get the agreement, the issue is over. So anything you can do to help us in terms of getting access to data without computer-matching agreements between Federal agencies to identify improper payments will be very helpful.

Chairman DAVIS. Thank you very much.

Mr. Doggett, you are recognized for 5 minutes.

Mr. DOGGETT. Thank you, Mr. Chairman, and thanks to all of our witnesses.

Commissioner, let me ask you, I referenced in my opening statement this proposal that has been approved in an Appropriations Subcommittee to cut the billion dollars from what the President proposed for the Social Security Administration. What is the impact of that on your efforts to reduce waste, fraud and abuse, and on all of your program integrity activities?

Ms. COLVIN. Let me just summarize what the impact is going to be for us. There is going to be a severe impact within the agency. I don't have the specifics under the proposal, but it should be recognized that we had significant cuts in 2011 and 2012. As you know, we have had to close offices and reduce office hours. We have had a hiring freeze on. We have lost about 7,000 employees over the 2 years, and we are making other draconian cuts. We would have similar experiences under this bill.

There is also going to be a significant reduction in our program integrity dollars. We have indicated that we already see a return of \$9 for every \$1 with our continuing disability reviews, and \$6 saved for every \$1 spent with our redeterminations. The bill significantly reduces the amount of funding that would be available for that work, reducing it from \$756 million in fiscal year 2012 to \$272 million in 2013. So that is going to be a significant reduction in our ability to do program integrity work.

But more importantly, the service to the public is going to take longer. It is not going to be the quality that we have been able to provide in the past. I don't have at this time specifics relative to this proposal, but you can conclude that the impacts will be very similar, if not even worse.

Mr. DOGGETT. We had the Social Security Commissioner himself at the Social Security Subcommittee the other day talking about the impact this would have on disability determinations; for example, where we have big backlogs and delays already that the Social Security Administration had been working to try to reduce, that now, without adequate resources, there will not be the quality of service.

You actually have already, as you mentioned, had to close some offices. And we can foresee more of that type of thing if you don't have the money to deliver the service. And this is coming from some of the same type of people that are always talking about waste, fraud and abuse, and yet the resources needed to ensure we don't have waste, fraud and abuse are being denied to the Administration, which I think is a very significant shortcoming.

Thank you for your testimony.

Ms. Ford, I would like to ask you about another program that I mentioned in my opening statement, and that is the Work Incentives Planning and Assistance program that is about to expire. Would you review the type of assistance it provides and comment on if it is not renewed, what the effect will be on those who rely on it.

Ms. FORD. Yes, thank you.

The grants from the WIPA, or Work Incentives Planning and Assistance, go to local nonprofit and other agencies to support outreach, education, and benefits-planning services for people who are using SSI or the disability benefits under Title II about work incentives and supports for finding, maintaining, and advancing in employment. So this is all aimed at assisting people in getting work, staying at work, or even increasing their work effort or advancing in their employment.

Beneficiaries are informed about what will happen with their employment and what kind of medical coverage they can get. It addresses the concerns that beneficiaries have, their fears about whether they will lose the protections that they have in terms of medical coverage. It is basics benefits counseling: what will happen if you work; what will happen if you attempt work, are not able to continue, and have to come back into the program; or if you are able to be successful and continue on into the work world. It was designed to provide that one-on-one assistance to people who want to try to leave the rolls.

Mr. DOGGETT. Those are individuals that may not always be the first choice of an employer to take a job, and individuals that may be taking their first job or have had difficulty getting a job who really need that assistance. It is good for the employer and the individual employee.

Ms. FORD. Correct, yes.

Mr. DOGGETT. Thank you very much.

Ms. FORD. I agree.

Chairman DAVIS. I thank the gentleman.

The chair now recognizes Mr. Paulsen from Minnesota for 5 minutes.

Mr. PAULSEN. Thank you, Mr. Chairman.

Let me ask Mr. O'Carroll a question, because in your testimony you mentioned that SSA should conduct certain redeterminations and limited issue reviews when it discovers changes in circumstances that might affect an SSI recipient's eligibility or benefit amount.

Are there any other ways that SSA can help determine if an SSI beneficiary has additional income or resources besides the beneficiary just simply telling SSA this information and then SSA trusting that self-reported information?

Mr. O'CARROLL. Mr. Paulsen, a very good point. Since it is self-reported, a lot of times SSA isn't finding out about it, and needs to use other forms of data matches and indicators.

Some of the things that we have been looking at or we recommend that SSA be doing is, one, taking a look at its own records; taking a look at the master earnings file, comparing that against recipients to see if they are showing any income and taking a look at the earnings suspense file to see if there are any earnings that are being reported there.

But then the other major thing SSA could be doing is dealing with the IRS, getting 1099 information from IRS, which would show that people are getting access to pensions, other forms of wages, gambling income, that type of information. So that is very important. And then also matching data with the States.

So it keeps coming back to all the government agencies need to be talking to each other and comparing this type of information.

Mr. PAULSEN. Good.

And then the Unemployment Insurance program is also a program that is under this Subcommittee's jurisdiction. It has a 12 percent error rate, with more than \$13 billion in improper payments that went out last year. So in that program the largest source of error involves individuals going back to work without then reporting that they are going back to work, and then continuing to actually receive benefits. That is a situation that is a little bit similar to the SSI overpayment discussion.

Mr. Soczynski, is there any potential in your system to help identify wages?

Mr. SOCZYNSKI. Not specifically in our system. The information that is provided by the banking industry is account balance information. However, Accuity and one of our partners, Early Warning, is involved in a research project with the Department of Labor at this point attempting to find easier ways to find out if someone has gone back to work while still claiming unemployment benefits fast-

er than is reported through the current data-generation system now.

That pilot should be kicking off shortly. It will involve three States participating in that: Maryland, Illinois, and Missouri. And we expect that by the end of the year, we will have some information on whether or not—not necessarily through our AFI program, but through an identification of other databases—if we can identify people back to work sooner than they are going in to claim that they are no longer needing unemployment benefits.

Mr. PAULSEN. Mr. Besharov, maybe you can answer. Are there other programs that you see that need timely and accurate wage information? Do you have any other thoughts? How should they get it in the future?

Mr. BESHAROV. Well, I think, first of all, it would help to have one fundamental reform, which is what Chairman Davis said, which is have the States have some skin in the payment process, not just the administration process. That would focus some attention and deal, I think, with some of the issues about encouraging modern information technology. We need the States to want the system to work better. And it is not just audits that will do it. They have to feel that it costs them money to have inaccurate systems.

It is the case across many of these means-tested programs—food stamps come to mind. You mentioned UI. WIC is another program. About 53 percent of all newborns receive WIC benefits. And this is supposed to be a program for just those who are nutritionally needy. At some point it would be good to have better evidence and better information about student loans, student grants. It goes across the board where you see we have given up the process of enforcing the rules, and we are now having to catch up for almost 40 years of inaction. We started thinking people would just tell us when their income changed.

And I just want to mention this before closing. People don't believe this, but there was a President who said, we don't need any of this recordkeeping. People should just tell us what they need, and we will send them a check. The President's name was Richard Nixon. It was the last time we talked about a benefit that had no double-checking of actual wage information, and it is time for us to double-check as best we can across all means-tested programs.

Mr. PAULSEN. Thank you, Mr. Chairman. I yield back.

Chairman DAVIS. I thank the gentleman.

The chair now recognizes the distinguished chair of the Republican Policy Committee, the gentleman from Georgia, Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman. I appreciate that.

This is an interesting panel. I don't envy any of you who have the responsibility for administering this. I think 40 years is probably the accurate timeframe for when we put in place a program that is extremely, extremely difficult to make work on a day-to-day basis.

Ms. Colvin, you referred to that in your opening comments, and I want to commend you for that.

Our hearing is entitled "The Use of Technology to Improve the Administration of SSI's Financial Eligibility Requirements." I think if you break that down, what that means is that we all want to make certain that those who should be receiving benefits are re-

ceiving benefits for which they are eligible, and those who shouldn't don't. That is the unanimity that I think you talked about.

So if I step back from this and would ask you, challenge you to step back, if the slate is clean, what are the one or two things that you think are imperative to making a system work that allows us to utilize the technology of today to assist in the administration of SSI's financial eligibility requirements? If you wipe the slate clean—

Ms. Colvin, any thoughts about that, if you were not encumbered by the current system?

Ms. COLVIN. Well, I think that having standard definitions of what is income and are resources would be important. The complexity of being able to each month look at someone's circumstances, whether or not they have had income that month or if their resources have changed, is very, very complex. We have to look at whether or not they received benefits from someone else who may have contributed to their care. So it is the whole complexity of the program.

We have in the past presented ideas to simplify the program, but I think the automation that we are using which allows us to be able to do this without having to do it manually, where we can do data exchanges—we have 1,500 data exchanges with local and State government, we have many with our Federal agencies so we can compete—that has helped us.

But it is the complexity of the program. If we could find some way to simplify so we do not have to look at these changes every single month. Many times we are looking at it retroactively. For instance, if we give the correct check to someone for SSI, we give it to them at the beginning of the month, but they may get income during the month, and then that makes them overpaid. So it is the complexity of the program. We need to find a way to simplify it.

I would be very happy to provide some ideas for the record, but I am not certain I can come up with any off the top of my head right here.

Mr. PRICE. Mr. O'Carroll, one or two silver bullets?

Mr. O'CARROLL. Well, the first one, as my esteemed colleague just brought up, is reducing the complexity of it. With the alerts and these matches where we are either using third-party databases or other government information, it still requires that the claim rep at SSA, when they get that information, develop it, talk to the person, and find out what the truth is. And that is a whole other step that is needed. So no matter what we are doing in terms of data-matching, it still comes down to human intervention in that interview. And that is part of the issue of complexity.

Mr. PRICE. Mr. Soczynski, one silver bullet.

Mr. SOCZYNSKI. One silver bullet. Well, thinking that I had the opportunity to listen to a few ahead of me, but clean slate, back to the future? You know, we have silos. We have so many disparate databases in so many places that trying to pull all that together into a big interface, you know, that is the future. That is the Star Wars of the technology is to really find a way to reduce the multiple places the information is filed State by State, agency by agency, and try to get it all connected, because the data is all there. It

is a way of just having it available for the right person to use at the right time.

Mr. PRICE. Ms. Ford, do you agree?

Ms. FORD. In addition to what Commissioner Colvin had said, I would say updating the income and asset levels to reasonable amounts, at least to the level they would have been were they indexed to inflation since the beginning. We are spending—

Mr. PRICE. I don't know if that is a clean slate item, but I appreciate that perspective. I am running out of time, but I want to get Mr. Besharov up, if I may.

Ms. FORD. My main point is we are spending an enormous amount of administrative resources to chase nickels and dimes.

Mr. PRICE. Sure. Absolutely.

Mr. Besharov.

Mr. BESHAROV. I lead a program on comparing what we do to other countries. The social democracies of Europe and Asia are a little bit complexifying the program to simplify it. So they have a category called "temporary disability." And the thing about temporary disability, it is easier to get people on, but it is easier to get them off.

The other thing they have is they have partial disability. And so it is easier for them to help someone find a job because they don't have these earnings penalties. Some people are just partially disabled. We need room for that in the system in a way so that the rehabilitative side of the program, which we haven't talked about, has some way to play out.

So that would be my blank slate.

Mr. PRICE. Thank you, Mr. Chairman.

Chairman DAVIS. I think the gentleman.

And the chair now recognizes the distinguished gentleman from Georgia, Mr. Lewis, for 5 minutes.

Mr. LEWIS. Thank you very much, Mr. Chairman. Again, thank you for holding this hearing. I want to thank all of the witnesses for being here.

Director Ford, what can Congress do to help SSA and the disability community to give support to disabled recipients so that they can return to work when they are able to do so? I guess this is in keeping with the line of questions that my good friend from Georgia Dr. Price raised.

Ms. FORD. Well, I think that making it easier to go back to work, increasing those income and asset limits so that you are not hitting against those complexities in the program every time you earn just a little bit of money. Those complexities frighten people. Hitting overpayments every time you earn even a little bit of money is very difficult.

And being creative, we need to look at making it easier for people to work. The SSI program does have work incentives in it. It needs to make it simpler, though, so that people are not frightened when something happens.

We do already have a way, through the section 1619 program, for people to maintain their eligibility for Medicaid so that they don't lose that support system. And very often people who have very severe disabilities need to maintain their long-term services coverage (or their long-term care coverage) through the Medicaid program.

That is very, very important. We are talking about people with very severe disabilities here. So that is very important.

Simplification of work incentives is critical, because otherwise it becomes too complex. We are talking about a program that is already very, very complex. And for people who are eligible for both Title II and Title XVI, the complexities become almost too great to surmount. The rules are very different.

Mr. LEWIS. Thank you.

Commissioner, the SSI program rules are very complicated. You probably know that better than anyone. They are very complicated. Apart from new technology are there ways to simplify the rules to make the SSI program less burdensome to administer and easier for a recipient to understand? How can you make it simple?

Ms. COLVIN. I don't have an immediate response to that because it is so complex. We would be very happy to work with you on ideas that might be worth exploring. But each time a change is made, probably for a good reason, it makes the program even more complex. So if you just were to roll out all of the changes that have been added on to the program over the last 40 years, each one of those makes it more and more complex. When you have to look at someone's income and resources every single month, and regardless of how small that change is, it impacts or may impact their benefit, it becomes very difficult.

Mr. LEWIS. You don't have a way in this new age of technology to just push a button?

Ms. COLVIN. No, we don't have that. We do, as I said, have a lot of data exchanges, so we are able to get information about wages from IRS or the Administration for Children and Families, new hire directory, and some of the other pensions that they receive, et cetera. But, for instance, if someone's living situation changes, they have to report that. There is no button that we can push. And once they report it, we then have to verify it. So it is a very complex process.

Even with the reports that we get, for instance, like AFI, which is considered a third-party report, we have to verify that. We can't just accept that. So it is a very complex program.

Mr. LEWIS. Anyone else have any suggestion, or recommendation, or some magic, I guess you call it a silver bullet?

Yes, Director Ford.

Ms. FORD. I would mention that in my testimony we did comment on Social Security's proposal for a work incentive simplification project (WISP) which is aimed at Title II, but might be able to help those people who are concurrent beneficiaries of Title XVI and Title II who want to try to work. WISP is one initiative that we would support moving forward on.

Mr. BESHAROV. If I could, just to give a plug again for what this Committee has been doing. I sat in on a planning session at the Labor Department, and somebody asked the question, why was it so difficult and so expensive to do research on workforce development programs? And the head researcher from the Labor Department said, "Because for each contract, the contractor has to spend \$1 million collecting the data from the States." And someone said, "Well, doesn't data come to you, the Department of Labor?" "No,"

says the Department of Labor, “and when it comes, we can’t use it because it is all in different kinds of pieces.”

So it sounds so unromantic, but I think the work that this Committee is doing on data simplification, data similarities, and codification is the first essential step to much more data-sharing electronically. It is very important. It seems so mundane, but it is tremendously important.

Mr. LEWIS. Thank you.

Thank you, Mr. Chairman.

Chairman DAVIS. I thank the gentleman.

Ultimately, if we are going to address the deficit and spending issues, it is going to be by fixing the engine and not external or symptomatic changes. We are hopeful. These technologies exist today all around us. It is a question of removing the statutory barriers, which the Inspector General and I have talked about in the past and others. But I appreciate the conversation so far.

With that, we recognize Mr. Berg from North Dakota for 5 minutes.

Mr. BERG. Thank you, Mr. Chairman. I thank the panelists. I appreciate the passion that is coming out and what we are doing here, which really does seem mundane and boring, but can have pretty dramatic effects.

As you know, the pressure to reduce error rates is critical. And the return, the payback is pretty dramatic. Obviously, the challenge is if we can prevent an overpayment from happening, that is a lot easier than trying to recoup money after that money has gone out, for people trying to understand why that error was made and for people trying to correct that whole process.

So I guess just really on the big picture, Mr. O’Carroll, I would like you to tell us what the most common SSI issues are that result in overpayment, and are they preventable?

Mr. O’CARROLL. Mr. Berg, as I was saying in earlier testimony, the biggest issue is the self-reporting of SSI recipients. When you are talking about your assets, what is your income, what your property is, all those are the biggest issues. SSI is a means-tested program, and you have to trust the person is giving you the right information. I think what we are talking about today is finding ways to verify that information the person has given and if any of the circumstances have changed.

Mr. BERG. So how would you prevent that? I am assuming that when it relates to property, that is probably a big issue that could have a wide variation of opinions on what the value is or if there is value. What jumps out and says, this is where it is really hard to determine?

Mr. O’CARROLL. Well, the biggest part of determining eligibility is the redeterminations that we have been talking about. When those indicators come up, that is the point when you have to bring in the recipient and speak to them and find out whether or not they have the resources. And unfortunately, one of the big issues with the resources of SSA is that we need a balance there between stewardship and service. And what we are saying is we need to have more resources put toward stewardship. So when you get those indicators, you are bringing the people in, you are checking to see if their circumstances have changed.

And I think that is one of the issues that we would like this Committee to help with is for SSA to be given an integrity fund or a fund that is earmarked just for stewardship work where, when resources are limited, that there will always be the resources there to do the redeterminations, the continuing disability reviews, the cooperative disability investigations that we do, that is probably the best prevention, Mr. Berg.

Mr. BERG. Thank you.

I yield back, Mr. Chairman.

Chairman DAVIS. I thank the gentleman.

The chair now recognizes Mr. Reed from New York for 5 minutes.

Mr. REED. Thank you, Mr. Chairman.

And thank you to the witnesses for your testimony today.

Ms. Colvin, I wanted to follow up on some prior testimony from the change in priorities that we have received from the Commissioner in prior hearings that I see in this area at SSA. And there was some direct testimony from the Commissioner about the fact that he was processing incoming eligibility cases over the post-entitlement checking and making sure that overpayments are getting looked at and corrected. Has that been the case in your experience in the agency; has that priority shift occurred?

Ms. COLVIN. I don't think there is a priority shift. We try to balance both of the workloads, both our program integrity and our direct service. If you have someone who walks into an office, you have to serve them. Or if someone calls you on the telephone, you have to serve them. And then that work is not finished. You have to take action as a result of that call or that visit. So certainly that moves to the front of the pile, but I think clearly we have tried to balance that.

Now, we do all of the redeterminations and the CDRs for which we are funded, and we are certainly doing other kinds of things like our Centenarian Project and other kinds of projects that we try to use to identify any overpayments or anyone who is getting a benefit who should not. So I would say it is a continuous effort to balance the workload.

Mr. REED. So when the Commissioner came and testified to us in previous hearings that there was a conscious decision on his part to switch the priority to incoming eligibility claims at the expense of post-entitlement work, the Commissioner's testimony was inaccurate?

Ms. COLVIN. Now, I can't speak to that because I am not aware of that testimony, so I am certainly not going to contradict what he would say. But I am responsible for the program integrity initiative in the agency, and I have not seen that getting shifted. We have been pushing that as we always have.

Mr. REED. So from your experience at the agency, that priority shift has not occurred?

Ms. COLVIN. I would say since I have been there, there is still a focus on program integrity work.

Mr. REED. Wait. But that didn't answer the question. Was there a shift—there is always a focus on everything you do?

Ms. COLVIN. I can't speak to whether or not there has been a shift. I don't know what timeframe that testimony was given. I

would be very happy to provide you an answer for the record. But I am not aware that there has been a shift of not doing program integrity work and instead doing—

Mr. REED. Incoming eligibility determination.

Ms. COLVIN. Right, right.

Mr. REED. That is fair.

And then I was going to ask, one of the issues I see here is that the qualification for the benefits changes, as we point out, as you pointed out, are midmonth many a times, and as the individual is eligible for the benefits, things change. Has there been any exploration of technology? I know there is some testimony, Mr. Besharov, from you, in the U.K. there is realtime reporting wage technology that is out there that the U.K. is relying on. Is there anything in the agency's point of view, Ms. Colvin, warranting to get to that realtime data?

Ms. COLVIN. Thank you for that question. Yes, we have the SSI telephone wage reporting where an individual can call in and report any change in their wages during the month. Right now it is a telephone call. We are moving that application to both mobile phone services as well as Internet services. We want to make it as easy for people to be able to report changes as possible. We think that will go a long way.

Mr. REED. Now, that is self-reporting from the individual. I understand in the U.K.—and I will move over here to Mr. Besharov—the U.K. realtime data, that is different?

Mr. BESHAROV. That comes from the employer. And so as soon as there is a change, the employer sends the information to Her Majesty's Revenue and Customs.

Mr. REED. My understanding, I mean, I had four small businesses before I came to Congress, and I was doing my weekly deposits, I was doing my payroll, and right there you have it all listed. You have your Social Security number. Is there a roadblock between the IRS and that reporting data, that instant wage, weekly deposits that are occurring, not getting over to SSA to simply check what is happening during that midstream?

Ms. COLVIN. Right now the wage reporting from the IRS is yearly. We have had proposals in to do it quarterly, but there has been concern about the impact on small businesses.

Mr. REED. Now, what impact on small businesses? They are already reporting the data from a majority of the cases.

Ms. COLVIN. Well, they would have to report it more frequently to the IRS to be able to report it to us. We get a yearly report. It is usually about 18 months, I think, by the time we get it, so the information is old when we get it. And we do, in fact, then go back and make changes as a result of that, but you have already incurred overpayments.

We are entering into a contract with—and I don't remember the name of it now—that would allow us to have a contract with large—

Mr. REED. Ms. Colvin, if I could reclaim my time. Because that is not my understanding of the process of how it works. And when I sign those payroll statements, and when I deposit it, is that an accurate statement that the wage reporting information is only prepared at the end of the year for the IRS?

Ms. COLVIN. I said we only get it at the end of the year.

Mr. REED. You only get it. But if you got it earlier—well, my understanding is the IRS does get that information earlier. It gets it on a weekly basis with the deposits. So if you got that information earlier, would that help you with this issue?

Ms. COLVIN. Absolutely.

Mr. REED. And would you advocate for that?

Ms. COLVIN. I would advocate for getting it sooner, absolutely. And as I was mentioning, we are entering into an agreement with an organization called The Work Number, which is a large payroll provider for employers that will, in fact, make information available to us more immediately. These are your large employers like Walmart and some of the other kinds of businesses.

So we are just beginning to look at that. We think that will also help us to get the wage data sooner than we currently are able to get it. But anything that would allow us to get that information sooner would, in fact, allow us to reduce the overpayments.

Mr. REED. And you would be supportive of that?

Ms. COLVIN. Yes.

Mr. REED. Okay. Thank you.

Chairman DAVIS. The gentleman's time has expired.

And the chair now recognizes Mrs. Black from Tennessee for 5 minutes.

Mrs. BLACK. Thank you, Mr. Chairman.

And I want to thank the panel for being here today. It has been very instructive. And I want to follow through on what my colleague was just talking about.

Mr. Besharov, I want to go to you and talk a little bit. If you can ferret out a little bit more, in looking at best practices—and I think that is something we always should be doing is looking at how somebody else is doing, and do they have a better widget or a better way of doing it than what we do—can you ferret out a little bit more for me on what the U.K. is doing that we would like to model? What would be a good thing?

Mr. BESHAROV. Thank you.

I think first and foremost they have identified that people who are labeled as disabled have different levels of disability, and with social help many of them can work. And I think that is an important social idea.

I had lunch this afternoon with the senior assistant to Iain Duncan Smith, who I think you had here a few weeks ago at a hearing. They have just conducted the next phase of their review. Seventy percent of the disability recipients in the U.K. were found to be either not disabled or only partially disabled. And the idea is not to throw them off, but to help them.

So I think one thing we can learn from this is that our system, which was created a long time ago—part of our disability system we inherited as we tried to create something from the States—if we looked at this and compared it to what other countries are doing, I think we would decide, number one, that there are things called temporary disabilities, and the advantage of a temporary disability is that people don't have to wait a year or more to get on benefits because we are not worried that it is a permanent decision. The decision can be reviewed a year or 6 months later. It is much easier

to review a decision when an initial decision was only temporary. It is easier to turn that decision around.

Second, there are different levels of disability, and it is not just a question of allowing people to work, but giving them a little bit of a nudge. We think your disability is such and such; we think you can earn a certain amount. And if we look at other countries, what we see is the incentives that they create on top of those rules can often be very powerful.

A person who goes to work in the Netherlands from a partial disability, designated having a partial disability, is able to earn more than the amount the disability payment would have been. Now, we say, well, that is just going to cost us money, but it turns out that that moves so many more people into work, that the government ends up saving money.

We should be able to ask these questions, and the only way you could ask them and answer them is to have modern data systems and have a system that understands that it is not just asking people if they want to work. We have to encourage them a little, and we have to give them the financial incentives if they take a job that we will respect the fact that they took a job.

Mrs. BLACK. So looking at the analysis and the data from the U.K., can we then assume from that that they have less people who stay consistently on their SSI? Do they have people moving in and out of the program and, therefore, a total number that is less than what we have here in the United States? Is that an assumption we can jump to or not?

Mr. BESHAROV. I don't know enough about the program, but I wouldn't jump to that conclusion. If we look at other countries like the Netherlands, which had a much larger problem, we know that when these rules are imposed, the total number of disabled goes down. But in this country it really would depend on what the error rates are and whether the incentives would help people who are only partly disabled.

I know this is only anecdote, and there are experts around the table, but I come from the welfare world, and I can tell you what I am told. If someone spends 6 months, a year, or 2 years getting on a disability program, and then the first thing that happens is they get a letter saying, well, why don't you go look for a job—am I right about that? And so what I am told is there is a certain, wait a minute, now, I am not going to mess up what I waited so long to get.

So I think part of the problem is the structure of the program which creates such a high hurdle to get in that it is difficult to get out.

Mrs. BLACK. I know my time is going to run out here. The other question that I would have—and each of the panel members, this would be something for you as well. I know you are not going to have time to answer it. You may be able to do that followup in writing for me—but in just breaking down silos, which silos would you need to break down to have a system that you feel would be working together, where you would have the right hand knowing what the left hand is doing?

I think that my colleague had already rooted that out in, Ms. Colvin, you getting information more quickly. So there is a silo

there that needs to be broken down so that it can—and you all have been doing a good job, and in reading this notebook I want to commend you on that, but we still have a ways to go.

So thank you so much, Mr. Chairman, and I yield back the remainder of my time.

Chairman DAVIS. I thank the gentlewoman. I want to thank all of you on the panel for your thoughtful perspectives on these issues. We appreciate you investing the time to come in and talk about the experience in SSI that can be transferable to other means-tested programs.

If any Members have additional questions, they will get them to you directly. We would ask that you submit them. They will send them to you in writing. If you would submit your answers also to us for the record so they can be inserted for all to see, we would appreciate that.

Chairman DAVIS. Thank you again for being here, and this hearing is adjourned.

[Whereupon, at 4:21 p.m., the Subcommittee was adjourned.]

[Submissions for the Record follow:]

Additional Information Submitted for the Record

**By
Carolyn W. Colvin
Deputy Commissioner
Social Security Administration
August 13, 2012**



**Hearing on the Use of Technology to Improve the Administration of
the Supplemental Security Income Program's
Financial Eligibility Requirements
July 25, 2012**

**The Committee on Ways and Means
Subcommittee on Human Resources
United States House of Representatives**

**Additional Information Provided by SSA's Deputy Commissioner
Carolyn W. Colvin in Response to Question Raised by Mr. Price about How to Best
Use Technology to Administer SSI's Financial Eligibility Requirements if
Unencumbered by the Current System**

I think that if someone were designing an SSI-like program today, unencumbered by the current program, the ability to quickly and automatically verify the eligibility factors for an individual's case likely would be a cornerstone of the new program. As you have heard in previous testimony, the current SSI program's reliance on self-reporting can lead to improper payments and can be labor intensive for both the beneficiary and us. While we are continuing to look for ways for data matching to replace the need for self-reporting, not every feature of the program currently lends itself to automatic verification. For example, an individual's living arrangement can affect the SSI benefit amount. If he or she is living with someone else, we need to determine in effect, who is the head of the household and whether food or shelter is being provided to the SSI beneficiary. We have not yet found a way to automate this determination.

Although automated verifications of eligibility would be an important factor in a new program, important policy decisions would also need to be made. One such decision might be to what extent the traditional rigorous means-test would be modified in order to accommodate automation. Back to the living arrangement example—would a new program ignore the fact that someone was receiving free food and shelter because these determinations are relatively complex, time-consuming, and rely on self-reporting and/or third party reports? Alternatively, would the new program maintain the traditional means-testing concept that a person receiving free food and shelter was in less need of assistance than someone who had to use his or her income to purchase food and shelter?

As I stated in my testimony, significant program simplification is difficult to achieve. You will always have to address the critical—and often competing—issues of program adequacy, program efficiency, program equity, and program integrity.

Additional Information Provided by SSA's Deputy Commissioner Carolyn W. Colvin in Response to Question Raised by Mr. Reed about Change in Priority from Conducting Post-Entitlement Reviews to Processing Initial Claims

Our past testimony on this issue acknowledged the tough choices we faced as we tried to effectively balance our core, program integrity, and other workloads in the face of limited resources. As the following charts show, in each year since 2007, when Commissioner Astrue was sworn in, we have increased the number of continuing disability reviews we have conducted. Likewise, except for a very slight decline of about 9,000 cases between FY 2010 and FY 2011, the numbers of SSI redeterminations we have conducted have also increased each year. The increased numbers of SSI redeterminations and continuing disability reviews have increased our program accuracy and program integrity.

