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# Supplemental Security Income (SSI) Overpayments Due to Earnings

## Supplemental Security Income (SSI)

SSI is a means-tested federal assistance program that provides monthly cash payments to older adults and individuals with qualifying disabilities who have income and resources (e.g., assets) within prescribed limits. The program is administered by the Social Security Administration (SSA). In May 2024, approximately 7.4 million people received SSI payments, with a monthly average payment of about \$697.

## Overpayments

An SSI overpayment is a payment made to an individual for at least one month that was more than the amount SSA should have paid. SSI payments are dependent on a number of factors, a change in any of which may affect SSI eligibility or payment amounts. These changes include income and/or financial resources, marital status, living situation, and disability status. Overpayments may happen when the agency does not impose deductions; the agency does not suspend, reduce, or terminate payments; or there is a technician error. This may be due to recipients not reporting changes timely (or at all) or agency failure to take appropriate and timely action. In FY2022, SSA paid \$57.6 billion to SSI recipients. An estimated \$4.6 billion (approximately 8%) were overpayments.

## Earnings as a Source of Overpayments

SSA reports that wage discrepancies have been one of the leading causes of SSI improper payments (which include both overpayments and underpayments), accounting for more than one-fifth of SSI improper payments in recent years. Wage discrepancies occur when SSI recipients fail to report changes to their earnings timely or the agency fails to make changes to payments in a timely manner.

After applicable exclusions, including the \$65 earned income exclusion and \$20 general income exclusion, SSI benefits are reduced by \$1 for every \$2 of earnings received in a month. As a result, relatively small changes in work activity and earnings from month to month could cause over- or underpayments if not reported and acted on timely.

## Earnings Self Reporting

SSI recipients or other required wage reporters (spouses, parents, and representative payees) must report to SSA all earned income (from wages or self-employment), beginning with the date they filed their SSI application. SSA requires that SSI recipients report changes in work activity each month no later than the 10<sup>th</sup> day of the following month and encourages electronic reporting by the sixth day to avoid incorrect payments. Changes to work activity include starting/stopping working, changes to work hours or rate of pay, and expenses paid for work because of disability.

SSA instructs SSI recipients and wage reporters to keep all pay stubs to report:

- the total gross monthly wage amount for the prior month,
- the name of the wage earner,
- the wage earner's Social Security number, and
- the name and Social Security number of the person who receives SSI.

## Tools

SSA has several methods for self-reporting wages and instructs SSI recipients to consult their local Social Security office on which wage reporting option is best for them.

Certain SSI recipients and wage reporters can use different electronic tools to report gross monthly wages for the prior month:

- The *SSI Telephone Wage Reporting* system is a toll-free automated system using the telephone.
- The *SSA Mobile Wage Reporting* application is free and can be installed on Apple or Android mobile devices.
- The *myWageReport* tool is an online wage reporting tool available to use on a computer or mobile device through the *my Social Security* portal.

If using electronic wage reporting tools is not an option, SSA instructs SSI recipients and wage reporters to report their monthly wage information to their local Social Security office via fax, letter, call, or in-person visit.

## Other Sources of Earnings Data

SSA's employees verify wages and detect unreported work through matches with data from multiple state and federal agencies.

SSA considers sources in a priority order based on reliability. Primary sources include original and unaltered photocopies of wage stubs, wage verification from an SSA-approved wage-verification company, and oral or written statement from the employer.

SSA indicates that if earnings are not reported through wage stubs or an approved wage-verification company, it will seek earnings data from a secondary source: queries of federal or state databases, such as the National Directory of New Hires (NDNH); tax records, including SSA's Master

Earnings File (MEF), Form W2 (Wage and Tax statement), or other federal or state tax forms; wage information from the Internet Ticket Operations Provider Support System (iTOPSS); or wage information from a non-SSA approved wage-verification company if the wage earner requests the information from the verification company.

Wage information obtained from NDNH, iTOPSS, and some federal and state databases is considered third-party information and may only be used as wage evidence when the worker agrees with the information on the query. SSA requires additional documentation for these sources.

### National Database of New Hires

The Office of Child Support Enforcement (OCSE) and SSA have a memorandum of agreement that allows a file match and authorized SSA employees to query the NDNH. This database contains quarterly new hires, quarterly wages, and unemployment information reported by the states and the District of Columbia to OCSE. Wages are posted quarterly to the database based on when the earnings are paid to the recipient. For the file match, SSA systems generate an alert when the quarterly wage file shows there is significant unreported or underreported wages compared to SSA's records. SSA uses the database when investigating and verifying potential earnings.

### Master Earnings File

Annual wage and self-employment data from the Internal Revenue Service (IRS) are stored in the MEF. The match compares the annual earnings amount reported on IRS Form W-2 or Schedule SE to the total amount of earnings (if any) reported to SSA for SSI recipients for the tax year. The MEF data may constitute wages, net earnings from self-employment, or sheltered workshop payments. When the MEF data indicate significant unreported or underreported earned income, SSA field offices must resolve the discrepancy, update the SSI records, determine past and continuing SSI eligibility, and pursue overpayment recovery.

### Payroll Information Exchange

Section 824 of the Bipartisan Budget Act of 2015 authorizes SSA to enter into information exchanges with payroll data providers to obtain wage and employment information. In September 2019, SSA awarded the Payroll Information Exchange (PIE) contract to Equifax Workforce Solutions. In its February 15, 2024 Notice of Proposed Rulemaking, individuals would authorize SSA to receive their wage and employment information from their employer(s) through a participating payroll provider. Individuals providing wage and employment data through the PIE would have reduced reporting requirements because SSA would obtain that information directly from the payroll data provider.

### Recovery of Overpayments

The recovery of SSI overpayments is authorized under Section 1631(b) of the Social Security Act. Once SSA has determined that an overpayment has been made, the agency notifies the liable recipient or *representative payee* (a person or an organization that receives and manages Social

Security or SSI payments for a recipient who is not capable of managing his or her own payments). An overpayment notice explains why the individual has been overpaid, the overpayment amount, repayment options, and appeal and waiver rights.

SSA generally recovers overpayments through an adjustment of benefits payable, a full refund or installment payments by the overpaid recipient, or other methods. SSA has recently announced changes to overpayment policies, including extending repayment plan lengths and making it easier for beneficiaries and recipients to request waivers.

### Consequences for Repeated Failure to Report Earnings

SSA may consider the use of punitive actions to deter future overpayments when individuals repeatedly fail to report earnings as required, though an SSA Office of the Inspector General's report from 2017 noted that SSA had not used this authority in the cases it studied. The report lists the actions available to the agency as:

Similar fault provisions grant SSA the authority to withhold the full monthly payment from an individual who knowingly makes an incorrect or incomplete statement or conceals information material to a determination.

Administrative sanctions may be applied when an individual makes a false statement, misrepresents a material fact, or fails to disclose information that is material to a determination. When sanctions are applied, payments are withheld as a penalty for improper actions and are not used to reduce or recover an overpayment.

Penalties may also be applied to capable adult SSI recipients who fail to report in a timely manner any change that causes a reduction, suspension, or termination of payments.

### For Additional Information

CRS In Focus IF10482, *Supplemental Security Income (SSI)*

CRS Report R44948, *Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI): Eligibility, Benefits, and Financing*

CRS In Focus IF12632, *Social Security Overpayments: Debt Recovery*

SSA, *Understanding SSI*, "Reporting Responsibilities," <https://www.ssa.gov/ssi/text-report-ussi.htm>

SSA, *Understanding SSI*, "Overpayments," <https://www.ssa.gov/ssi/text-overpay-ussi.htm>

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