



**COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY
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STATEMENT FOR THE RECORD**

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Committee Chair Ferguson, Ranking Member Larson, and Members of the Subcommittee:

Thank you for inviting me today to discuss a very important issue. Chair Ferguson, Ranking Member Neal, and Representative Larson, it is good to see you again. I was pleased to visit each of you in our field offices in your districts.

For those who I have not previously met, I am Kilolo Kijakazi, and I am honored to represent the thousands of skilled and dedicated employees of the Social Security Administration (SSA). For more than 30 years, I have researched and pursued ways in which government and the private sector can help support the American public. No institution personifies that goal more than SSA.

Today, I will describe the overpayment process, factors contributing to the occurrence of overpayments, what we are doing to make improvements, and how we work with the public when they are overpaid. SSA is continually improving how it serves the millions of people who depend on our programs. We are working to prevent improper payments from occurring, correcting underpayments, and making it easier to navigate the overpayment debt recovery and waiver processes.

Background

SSA programs and services are vital to the public, and the scope of our work is enormous. For more than 85 years, Social Security has provided income security for retirees, individuals with disabilities, and families that lose a wage-earner. Almost 90 percent of workers over the age of 65 receive Social Security benefits.

In Fiscal Year (FY) 2023, we project that we:

- Served almost 30 million visitors in our field offices;
- Answered about 30 million phone calls to our National 800 Number;
- Processed over 400 million online transactions;
- Posted about 299 million earnings items to workers' records;
- Processed over 18 million original and replacement Social Security card applications;
- Completed almost 6.7 million claims for retirement benefits; and
- Completed 2.5 million non-medical redeterminations of eligibility and 550,000 full medical continuing disability reviews, safeguarding the integrity of our benefit programs.

As we perform these many tasks, we also take seriously our responsibility to ensure eligible individuals receive only the benefits to which they are entitled, and to safeguard the integrity of benefit programs to better serve our customers. Our employees work hard to pay the right person the right amount at the right time. Ensuring program stewardship is one of our three agency strategic goals.

To that end, SSA pays approximately \$1.4 trillion in benefits to more than 71 million people each year. Our payment accuracy rates are high; however, overpayments can occur given the number of people we serve, the frequent changes in their circumstances, and the statutory complexity of the programs. Regarding the Social Security program itself, which includes payment to retirees, surviving spouses, and disabled workers, only one half of one percent of paid amounts are overpayments – an extremely low percentage.

For the SSI program, overpayments also represent a small percentage of payments—about 8 percent—and the higher overpayment rate is due primarily to the statutory complexity of the program itself, which requires frequent payment adjustments that may be triggered by events—such as increased earnings—after the payment is made.

I want to emphasize that the SSI program is intended to provide income to support basic needs to some of the most vulnerable members of society. Its very design provides flexibility – payment rates can be changed rapidly if a given recipient’s situation turns for the worse or improves. However, this responsiveness can increase the likelihood of improper payments. Because payments and eligibility depend on each individual’s changing circumstances, recipients must report to SSA in real time to ensure they receive the correct amounts. The SSI program is challenging to administer and more susceptible to incorrect payment amounts.

Overpayment Debt Establishment and Recovery - Background

We have an important stewardship responsibility to our recipients and to taxpayers. While we strive to prevent improper payments before they happen, we also work to ensure we clearly notify recipients of debts and provide options for people to question or appeal an overpayment. We can also help those who want to establish repayment plans, or who seek waiver of the debt.

Under federal law, SSA must pay beneficiaries only the amounts authorized by law *and* must seek recovery of overpaid amounts,¹ unless circumstances warrant waiver of such overpayment. There are no statutory time limits on recovering overpayments, and Federal law requires that SSA use specific recovery methods, including mandatory adjustment from benefits owed to the

¹ See 42 U.S.C. § 404(a)(1) (“Whenever the Commissioner of Social Security finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made. . . .”); 42 U.S.C. § 1383(b)(1)(A); 31 U.S.C. § 3711(a)(1) (“The head of an executive, judicial, or legislative agency shall try to collect a claim of the United States Government for money or property arising out of the activities of, or referred to, the agency”); 31 C.F.R. § 901.1(a) (“Federal agencies shall aggressively collect all debts arising out of activities of, or referred or transferred for collection services to, that agency.”).

individual.² Additional collection tools are authorized for certain overpayment debts.³ SSA is required by law to notify individuals before we use certain collection tools.⁴

We quickly notify people once we establish an overpayment by mailing a notification with information about the debt and options. The notice explains that the person was overpaid, a general reason for the overpayment, and the amount (including a monthly breakout of the overpayment). The notice generally requests full and immediate refund and describes the proposed rate of withholding. For example, SSI withholdings are limited to 10 percent of the benefit, given the economic vulnerability of these beneficiaries. In addition, the notice explains the person's appeal rights, as well their right to request a waiver or a different rate of withholding. The notice also tells the overpaid person that we will not take any action to recover the overpayment until 60 days after the date of the overpayment notice. There is no time limit for requesting a waiver.

SSA strives for continuous improvement, and we are taking action to improve the overpayment and recovery process. We are updating our processes and procedures, and working with people if they seek to appeal or to explore potential repayment options or waivers, when allowed by law.

New Customer-focused Review of Overpayment Procedures and Policies

Our payment accuracy rates remain high. My goal is to ensure we pay the correct amounts and make it easier for people to understand their options when overpayments do occur. We have heard from our customers, stakeholders, and our own employees how difficult it can be to understand and navigate an overpayment debt.

As we continue our effort to improve our customers' experience and work to better support our employees, I am designating one of my senior executives to lead a team to review improvements we can make. This employee will work out of the Office of the Commissioner and report directly to me. I am confident that this individual's strong operational and programmatic background will drive timely, pragmatic, and thoughtful recommendations.

The review process will involve a holistic assessment of how our administrative procedures influence our overpayment process. It will involve the collection of information including input across all levels of the organization, especially front-line employees, to understand in greater

² See 42 U.S.C. § 404(a)(1)(A) ("With respect to payment to a person of more than the correct amount, the Commissioner of Social Security shall decrease any payment under this title to which such overpaid person is entitled...") See also 42 U.S.C. § 1383(b)(1)(A).

³ See 42 U.S.C. § 404(f) ("With respect to any delinquent amount, the Commissioner of Social Security may use the collection practices described in sections 3711(f), 3716, 3717, and 3718 of title 31 and in section 5514 of title 5, all as in effect immediately after April 26, 1996.") See also 42 U.S.C. §1383(b)(5)(A).

⁴ See, e.g., 31 U.S.C. §§ 3716(a)(1) and 3720A(b).

depth the administrative factors that contribute to overpayments. It will also consider how people experience our interactions with them during the overpayment recovery process. We will examine our policies and procedures—including our regulations—to determine where administrative updates to the overpayment recovery and waiver process may reduce the complexity and burden for the people we serve. This is our first week of the review, so we are still developing the scope.

In-Process Improvement Efforts

Overpayments—given their complexity, effect on the public, and impact on program integrity—have been on our radar and process improvements are already underway. Some of these improvements are targeted at making it easier for beneficiaries to navigate the recovery and waiver processes, while others work to prevent overpayments from occurring in the first place.

- *Simplified Waiver Request Form*

For instance, we released a streamlined overpayment waiver request form that is easier to understand and less burdensome for people to use. This was an extremely important step forward, as internal agency reviews and external auditors pointed to the prior waiver form (SSA-632) as an obstacle to waiving overpayments. We used focus groups to increase our understanding of our customers' experience with the prior waiver form. Many people found the waiver process to be overwhelming, and the form itself to be long and complex. The streamlined waiver request form simplifies language and explains where less documentation is required for SSA to waive collection. We are pleased to have rolled out the new form last month to help our beneficiaries who are facing overpayments.

- *Payroll Information Exchange*

A vital tool in overpayment reduction is the Payroll Information Exchange (PIE), authorized under the Social Security Act. Once fully implemented, the PIE process will work to prevent overpayments on the front end – before they even occur. Under the traditional process of SSI and disability insurance administration, the burden of reporting wages falls on the recipient. PIE will allow SSA to electronically access wage and employment data from a payroll data provider (PDP) for individuals who authorize us to obtain it. Because the electronic wage data can be obtained faster, and with less effort, than recipient reporting, we also will be able to make needed adjustments to payments before those payments have been issued, and our recipients will have reduced individual reporting.

In January 2021, we published a Federal Register Notice (FRN) to notify the public about our planned information exchange. Since the publication of the FRN, we have continued to refine the processes that will allow us to integrate PIE payroll data into our systems, and, in

some cases, automatically adjust recipients' monthly benefits. We have worked with a PDP to perform appropriate testing of the data exchange and to refine the data they provide us.

While it has taken longer than we intended to develop, we needed to make sure the PIE process truly worked – that we were getting it right. We recently completed an accuracy study, comparing PDP data to paystub information we received directly from beneficiaries. While completing the study took time, I am pleased to say that it confirmed the payroll data we receive through PIE is highly accurate and exceeds self-reporting accuracy rates. We also want to ensure we are considering policies and procedures to provide due process protections.

The next step is to publish regulations. SSA's Notice of Proposed Rulemaking (NPRM) will provide policy and procedures regarding the authorization form, the exchange, and beneficiaries' reduced reporting responsibilities. We recently submitted a draft NPRM for formal inter-agency review. The NPRM will inform both the final rule and our plans, including the timeline, for implementation. PIE will improve payment accuracy and reduce reporting burdens, and we look forward to implementing it as quickly as feasible.

- *Administrative Overpayment Waiver Reform*

We intend to publish a proposed rule changing our overpayment recovery waiver rules to streamline processes and reduce burden, so eligible individuals can more easily seek debt relief. Our goal is to ensure that overpayment recovery does not unduly burden those in underserved, vulnerable, or marginalized communities.

- *Notice Simplification*

We recognize how critical it is for the public to understand the information we share, including the improper payment notices they receive from us. Our Office of Communications received an A+ for organizational compliance and an A for writing quality from the Center for Plain Language. I have asked this office to assist in making our overpayment notices more user-friendly and easier to understand.

The Role of Resources in Overpayment Recovery

Our budget directly drives the level of service we can deliver, including systems improvements and staffing to stay current with our workloads. Our dedicated employees are doing their part to restore and improve service while working within our current funding levels. Each day, our employees serve field office visitors, answer questions, take claims on the phone, hold hearings, pay benefits, and complete countless other workloads. Building the capacity to meet the public's expectations for timely customer service requires sustained and sufficient funding and staffing levels.

Many of our systems are old and we have had to retrofit them as our programs evolves. This includes both our benefit and program payment systems and our notice systems. Modernization requires sustained funding and complex updates. We have made some strides over time, including through debt management modernization, although work remains.

In FY 2023, we began to rebuild our workforce after ending FY 2022 with the lowest staffing level in 25 years. We must have sufficient staff to keep up with workloads, including to ensure timely processing if a beneficiary timely reports a return to work or a change in living arrangement so we can adjust to the correct payment amount.

Conclusion

In closing, I again want to thank you for the invitation to discuss steps we are taking to improve our overpayment-related policies and procedures to better serve our customers and improve program stewardship. Complex workloads like this one are ripe for improvement, especially as we focus on the experience of the people who count on all of us to prevent overpayments from happening and making it easier to navigate the recovery and waiver processes when they occur. I look forward to hearing the results of our review and identifying what more we can do.

Thank you for the opportunity to testify today, and I look forward to your questions.