



NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS INC.

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United States Senate Committee on Finance

**Testimony of Katherine Zuleger
Executive Committee Member**

National Council of Social Security Management Associations (NCSSMA)

**Hearing on
Work and Social Security Disability Benefits:
Addressing Challenges and Creating Opportunities**

June 18, 2024

Chairman Wyden, Ranking Member Crapo and Members of the Committee, my name is Katherine Zuleger. I am the manager of the Wausau, Wisconsin Social Security Administration (SSA) field office and the President of the Chicago Social Security Management Association (CSSMA). I have worked for SSA for nearly 30 years. I am here representing the National Council of Social Security Management Associations (NCSSMA). Thank you for inviting me to speak with you today.

NCSSMA is a professional association comprised of the ten regional management associations with over 2,400 members from field offices and teleservice centers throughout the Social Security Administration. Each day, NCSSMA members directly serve the American public in over 1,230 of SSA's public-facing offices. For many, the SSA field office is their only face-to-face point of contact with the federal government.

For over 52 years, NCSSMA's mission has been to provide a clear, credible and valuable perspective on public service from the front lines. NCSSMA's efforts and initiatives are directed toward providing the best service to the American people, through the effective and efficient administration of SSA's programs. We advocate for an agency that remains customer-focused and provides excellent public service while embracing technological advances and innovation.

We take our responsibilities as stewards of the public's monies very seriously. NCSSMA actively recommends improved and more cost-efficient ways to manage SSA's programs. We appreciate the Committee's attention to the challenges currently facing SSA and we look forward to working with Committee members and others to not only address those challenges, but to strengthen our agency and the programs we administer.

Disability Benefit Overview

Social Security Disability Eligibility

To qualify for Social Security Disability (SSDI) benefits, an applicant must have a disability that affects their ability to work for a year or more, or that will result in death. In addition, they generally must have worked and paid Social Security taxes for 5 out of the 10 years prior to the start of the disability. Those under the age of 24 generally do not have to have worked as long to be eligible. At the time of filing, through the disability decision, the applicant cannot work and earn over the Substantial Gainful Activity (SGA) limit, which is currently \$1,550 a month for a non-blind individual and \$2,590 for a blind individual. If the applicant returns to work earning over SGA during the decision process, the application is denied for demonstrating the ability to work despite

the impairments. Depending on which state the person lives in, the entire disability determination process can take 3-12 months.

Supplemental Security Income Eligibility

Supplemental Security Income (SSI) benefits are paid to disabled children and adults as well as to those 65 and over. To qualify for SSI benefits, individuals must have income and resources below established limits and must be 65 or older or disabled using the same criteria as SSDI. The program allows individuals who have not worked, or who have worked but not paid enough into the SSDI program, to receive a monthly benefit due to their disability. As with SSDI, applications for SSI are denied if the individual returns to work and earns over SGA during the application process. Unless an individual has income or assets over the established limits, most individuals apply for both SSDI and SSI.

The Application Process

All adults may file an application for SSDI online or with a claims specialist at a field office either over the telephone or in person. The SSI application is not available for most individuals online. SSI applications are taken by field office claims specialists. Once the initial claim is filed, the application is routed to the Disability Determination Services (DDS) where medical records are gathered, and the condition(s) are evaluated to determine if the person meets Social Security's definition of disability.

During what can be a lengthy application process for both SSI and SSDI, if the applicant returns to work, SSA employees must develop that work to determine if the work meets the SGA level. This involves contacting the applicant to gather information about the work and earnings and then developing for any work incentives that may exist. At times, employees must also gather written documentation from the applicant or employer to support potential work incentives and then use this information to make a determination. If it is determined that the applicant is earning over SGA, then the employee must recall the application from the DDS and the application is denied. If the determination is the work does not constitute SGA, then the recommendation is made to DDS to continue the decision-making process. Developing return to work during the processing of an application often adds 30-60 days to the processing time for a claim.

After being medically approved for SSDI or SSI disability benefits, a person cannot return to work and earn over SGA within a year of their established disability onset date or SSA will reopen the claim to a denial, as the definition of disability requires that someone is unable to perform SGA for a year or more or they have a condition that will result in their death. If the person does return to work, this would result in the beneficiary being overpaid all the disability benefits paid by SSA.

How Work Impacts Benefits After Entitlement

Social Security Disability

Once a person has been approved for SSDI, the rules on how work impacts entitlement change. Once entitled, a person can test their ability to work without benefits immediately stopping. Beneficiaries are notified upon receiving disability benefits that they are required to report to SSA if they attempt to work. For SSDI, gross earnings are counted when earned, not when paid. Individuals have a Trial Work Period (TWP) of 9 months where they can work and earn as much as possible without impacting receipt of benefits. Once the individual completes the 9-month TWP, SSA evaluates the work to determine if the work will impact benefits. SSA will consider any

Impairment Related Work Expenses (IRWE), Blind Work Expenses (BWE), Subsidies, and Unsuccessful Work Attempts (UWA) to determine if the work is over the SGA limit. The SGA monthly limit is currently \$1,550 for non-blind individuals and \$2,590 for blind individuals. After the TWP, individuals are entitled to a 36-month period called the Extended Period of Eligibility (EPE). During the EPE, the individual's benefits will be withheld for any month where they earn over SGA, and they will be paid for any month under SGA. The EPE can continue indefinitely if after 36 months the earnings never again exceed SGA. However, once SGA is exceeded after the 36-month EPE is over, the benefits are terminated and cannot be restarted without a new application for benefits or an Expedited Reinstatement (EXR).

An SSDI beneficiary who has had benefits ceased due to work is eligible to continue Medicare benefits for 93 months if they continue to pay Medicare premiums.

Supplemental Security Income

Earnings impact SSI differently than SSDI because it is a needs-based program. SSI recipients are notified when benefits begin that they are required to report any earnings they receive. For SSI, gross earnings are counted when paid, not when earned, which is different than SSDI. There is not a 9-month TWP as with the SSDI program.

Generally, earnings will impact the payment two (2) months after the earnings are received. If a person receiving SSI is working, SSA applies a \$65 disregard to the earnings and will then reduce the amount of SSI by one (1) dollar for every two (2) dollars earned over the \$65 disregard. For those who have no unearned income, there is an additional \$20 disregard that is applied to the earnings. If an individual has unearned income (such as SSDI benefits), the \$20 disregard is first applied to the unearned income. For instance, if a person earned \$500.00 in one month and received no unearned income, the payment would be reduced by \$207.50 two months later ($\$500 - \85 divided by 2 = $\$207.50$).

However, significant earnings can make an individual ineligible for SSI payment for that month. When the earnings are high enough to make the recipient ineligible, it further complicates the process and interrupts the SSI computation cycle. This interruption results in non-payment for the current month and modifies future months' payments. Retrospective monthly accounting does not apply in this situation. This often causes overpayments.

As with SSDI, the earnings for SSI beneficiaries are reduced based on IRWE and BWE. Individuals receiving SSI also have some additional work incentives. If someone is under age 22 and attending school or a training program, there is a Student Earned Income Exclusion available. SSA will not count up to \$2,290 per month (maximum of \$9,230 for calendar year 2024) when the SSI payment is calculated.

Those receiving SSI also have the option to use the Plan to Achieve Self Support (PASS) program. The purpose of the PASS program is to help the SSI recipient receive items, services, or skills to reduce their dependence on SSI in the future. Any money used to achieve the established goals will not be counted when evaluating if the person is over the income and resource limits. This can allow the individual to save money and set aside funds for education or starting a business. The plan must be developed and approved in conjunction with SSA.

Individuals who receive SSI are automatically entitled to Medicaid. If their earned income is significant enough to reduce their SSI check to \$0, then they are protected under the 1619(b) provisions and are considered technically entitled to SSI which protects their Medicaid eligibility.

SSA must conduct redeterminations for these individuals to ensure continued eligibility and use of Medicaid benefits.

Expedited Reinstatement

Individuals whose SSDI benefits are terminated due to work are eligible for an Expedited Reinstatement (EXR) if they subsequently become unable to work due to the same disability within 60 months of termination. Rather than filing a new application and going through the process of re-applying for benefits, if the termination is due to work, and the person cannot continue working due to the same disability, SSA can apply the principles of a Medical Continuing Disability Review (CDR) rather than a new application. During this process SSA can pay provisional payments at the prior benefit rate for up to 6 months while determining if the disability is continuing. If the disability is determined to be continuing, the individual can receive benefits for any month they do not earn over SGA for 24 months, much like the EPE. Once 24 months have passed with no SGA, the individual is eligible for a new Trial Work Period and EPE and those provisions apply.

The full EXR process from when an individual contacts SSA to approval at DDS and processing the EXR award through a Program Service Center (PSC) can take multiple months. More than half the EXR cases currently pending have been pending for more than a year. Individuals are only able to receive 6 months of provisional payments during the EXR process. Once the disability is approved using CDR standards, the field office technician must complete a manual action through the EF-101 program which requires the PSC to post the information to the record and put the individual back into pay status. Field offices are not able to issue any other type of critical payment to an individual while the case is waiting for PSC processing. This often leaves individuals without payment due to agency processing times. Unfortunately, this is not an expedited process as the name implies.

Importance Of Reviewing/Updating Work

Social Security Disability is a safety net for many Americans during a time of inability to work due to a medical impairment. Although SSA's definition of disability is very restrictive, requiring an individual to be unable to perform any work for at least 12 months, many beneficiaries want to return to work if possible. To protect the trust funds and the solvency of the programs, SSA must have guidelines to establish when work will terminate benefits for those who are able to work and provide for themselves. The obligation is not only to the individual beneficiary, but also to the taxpayers who pay into the programs to ensure the very same safety net is available should they need it. SSA must perform stewardship activities to verify that those who are receiving benefits continue to be eligible for those benefits.

As stated earlier in this testimony, the Supplemental Security Income program is a needs-based program, and it is imperative that the payments are available for those who are in need. Work incentives are established to help recipients reduce dependency on the programs while also ensuring access to a minimum standard of living is consistently available.

The SSI Wage Reporting Process

To correctly administer SSI payments, it is necessary for wages to be reported promptly to SSA and updated by an employee before benefits are issued. When actions are delayed it prevents SSA from being able to pay the right person at the right time, which may result in an underpayment or an overpayment.

There are several different ways an individual receiving benefits can report work to SSA. Proof of earnings such as pay stubs can be mailed, faxed or delivered in person to a field office for those who are unable to use electronic means of reporting. Not only is this sometimes difficult for the beneficiary, but it is also the most labor-intensive method of reporting and requires several SSA employees to take a number of steps before the wages are posted to the record. Pay stubs that are mailed or hand-delivered must be opened, manually organized, and then scanned into an electronic repository. Pay stubs that are submitted via fax go directly into the repository. Once loaded in the repository, an employee must review the document, determine the Social Security Number, determine what the item is, categorize it and assign it to the next employee who will take action. The assigned employee is then required to review, determine what work incentives to apply, if any, and then update SSA payment records with the countable earnings. The input must be advanced through the payment system in time to properly calculate the payments received in the second month after the work occurred.

SSI recipients may also report earnings using the Telephone Wage Reporting process where they may call in their wages using information from their pay stubs. There is also an option to use the Mobile Wage Reporting application for smart phones. Both methods will update the records automatically, reducing the processing time and the labor needed to update the records. However, self-reported wages are often reported incorrectly since SSA counts gross earnings. Often claimants do not understand what gross earnings versus net earnings are.

The SSDI Wage Reporting Process

Reporting wages manually, as previously described for SSI beneficiaries, is an option for SSDI beneficiaries as well. However, SSDI beneficiaries cannot use the Telephone Wage Reporting or the Mobile Wage Reporting application. To report their wages electronically, they must create a my *Social Security* account and report their wages through their my *Social Security* account portal. Unfortunately, reporting wages online does not update payment records automatically for SSDI beneficiaries. An employee must perform a Work Continuing Disability Review (CDR) to develop the TWP and EPE to determine the impact of wages on SSDI benefits. Work CDRs are a labor-intensive process and due to the time frame involved in developing the 9-month Trial Work Period, often take more than a year to complete. SSDI wages are processed through a stand-alone system that requires manual action. With dwindling staffing levels and increases in workloads, Work CDRs are often delayed, even if a beneficiary is diligent in reporting.

Ticket To Work

Beneficiaries who want to return to work can use the Ticket to Work program. Enrolling in the Ticket to Work program can help individuals gain access to vocational rehabilitation, job training, job coach assistance, and other employment supports. The Employer Network is accountable for assisting the individual to reach certain work goals and is also responsible for reporting the beneficiary's wages to SSA. In addition, if a beneficiary is actively involved in the Ticket to Work program, SSA will defer any Medical CDRs while the individual is participating in the program. From a field office perspective, the Ticket to Work program is underutilized. Individuals are required to be employed through an Employer Network or State Vocational Rehabilitation provider to participate in Ticket to Work. There are challenges with the Ticket to Work program as it is currently designed. NCSSMA recommends reevaluating the program's effectiveness and perhaps modifying the program to allow individuals to obtain employment from an expanded pool of employers. NCSSMA believes expanding Ticket to Work eligibility and utilization would reduce the reporting burdens placed on beneficiaries and the administrative costs to the agency.

Complexities In The Programs

Reporting wages or self-employment is a requirement for all disability beneficiaries. However, it is not unusual for individuals to be unaware of or misunderstand their reporting responsibilities. In addition, some disregard their responsibilities even after the requirements have been explained multiple times. If earnings are not reported, years may pass before SSA discovers undocumented wages. In these situations, once a Work CDR is completed or wages are updated to the SSI record, significant overpayments can result.

As previously described, there are different rules for the SSDI and SSI programs. It is common for both beneficiaries and employees to be unsure about how work impacts each program, especially if a beneficiary receives both SSI and SSDI. One program counts earnings when paid and this affects the amounts paid immediately. The other counts earnings when earned and may not impact payments for many months, if ever. Training new employees regarding the intricacies of these differences takes years and is often very difficult for some to apply consistently and correctly. Interpreting the information provided on a pay stub under SSA rules can be difficult and time-consuming. Given that it can be difficult for employees to understand the programs, it is not surprising that beneficiaries are often unsure about how work impacts ongoing benefits as well. Overpayments due to work are one of the most common types of overpayments.

Because SSI is a needs-based program, each month an SSI beneficiary works requires the beneficiary to report the wages to SSA timely and an SSA employee to complete actions to update the wages to the record. This is an ongoing, labor-intensive workload. Work reports for SSDI are required potentially every month, but are not as critical unless the person is working at SGA levels and has exhausted their TWP.

For SSI, SSA also receives electronic wage alerts known as diaries based on wage reports from employers and other agencies such as the Internal Revenue Service (IRS). These diaries are an electronic notification that an SSI beneficiary may be working or worked more or less than was previously reported on the SSI record. An SSA field office employee must investigate these alerts by verifying the reported wages. The employee must then manually post the correct wages to the record, and then take action in Consolidated Claims Experience (CCE) and Modernized SSI Claims System (MSSICS) to clear the diary from SSA systems. Diaries are not a priority workload and are often delayed due to staffing levels and workload demands.

For SSDI, SSA receives yearly earned income interface alerts from the IRS based on income tax return filings and employer W-2 reporting. This creates an earnings enforcement issue that requires a PSC employee to initiate a Work CDR. If the SSDI beneficiary also draws SSI, this can result in a Work CDR pending at the PSC while the wage diary is pending at the field office. Because what is basically the same issue is pending in two different components, the beneficiary receives letters from both components and may respond to only one thinking that responding to one component is sufficient. However, this is not the case because of how the system controls the two workloads. This bifurcation of a workload that should be joined, can often result in improper payments for one of the benefits, even if the beneficiary thinks they are properly cooperating. In addition, this type of situation can easily lead to public relations issues and reduce the public's trust in the agency.

SSA employees use a stand-alone program called eWork to complete SSDI Work CDR determinations. This system is separate from the SSDI payment record, Master Beneficiary Record (MBR). The MBR displays a history of all entitlement and payment information but does

not show work determination information. An employee must query the stand-alone eWork program to determine TWP months and EPE months. Depending on when the last Work CDR was completed this information is often outdated and makes it challenging for SSA employees to provide SSDI beneficiaries with accurate information regarding how work impacts ongoing benefits.

Field office employees encounter challenges when completing Work CDRs in eWork. The program often does not correctly process the updated payment information to the MBR. When this happens, the eWork program creates an exception in the system that needs to be manually updated by the PSC using another program called Manual Adjustment Credit and Award Data Entry (MACADE). This manual action can take months to complete, in the meantime, the beneficiary is often being paid incorrectly and improper payments continue until the PSC completes the action.

Numerous System Programs Are Involved

While the rules regarding work are complex, the number of system programs that employees and beneficiaries must access to simply report their work are numerous and often not intuitive to use or connected to each other. For concurrently entitled beneficiaries, SSA must update multiple system programs with the same wage information resulting in duplication of effort and inefficient work processes.

The following list is not exhaustive given that so many situations are individualized, but most wage inputs will require the access and/or use of more than one and often many of the following system programs:

SSDI:

- Disability Control File
- eWork
- *my Social Security*
- Manual Adjustment Credit and Award Data Entry (MACADE)
- WorkTrack
- The Work Number
- New Directory of New Hires Query

SSI:

- Consolidated Claims Experience (CCE)
- Monthly Wage Verification
- Telephone Wage Reporting
- Mobile Wage Reporting
- Modernized SSI Claims System (MSSICS)
- eComps
- 1719-b
- Stars and Stripes the Next Generation
- WorkTrack
- The Work Number
- New Directory of New Hires Query

NCSSMA will submit a subsequent document to the Committee to provide a visual representation

of the steps involved in processing a “simple” pay stub report.

Aligning SSDI and SSI

One way to potentially ease the burden on beneficiaries and employees is to ensure work is treated the same for both programs. It is our understanding that this would require a change in policy to implement. There should be a consistent approach for calculating wages and improving the accuracy of wage reporting. NCSSMA believes consideration should be given to allowing the SSI program to use the same work rules currently being used by SSDI. This means benefits would be reduced for SSI if the recipient is earning over the Substantial Gainful Activity limit. NCSSMA believes this would eliminate the need to understand two separate sets of rules and would also encourage more SSI recipients to return to work.

If implemented, SSI benefits would be impacted only if the recipient was working and earned over the monthly SGA limit. The SGA limit for 2024 is \$1,550.00. If the recipient was working under SGA (\$1,549 or less) they would receive their full benefit. If the recipient was working over SGA (\$1,550 or more), they would be placed in suspense and would not be eligible for a monthly payment. A beneficiary receiving SSDI is ineligible once their trial work months are used up and they are earning over SGA. Like SSDI, SSI benefits would only be impacted if the recipient was working and earning over SGA.

For example, if the recipient was working under SGA (\$1,549 or less), they would receive their full benefit. If the recipient was working over SGA, they would be placed in suspense.

- SSI recipients receiving full FBR (2024 = \$943) and earning wages of \$1,549. SSI recipients would be eligible for a full payment.
- Total Household income would be \$1,549 in wages + \$943 SSI Benefits = \$2,492.
- SSI recipients receiving full FBR (2024 = \$943) and earning wages of \$1550 would be placed in suspense.
- Total Household Income would be \$1550 in wages – like an SSDI beneficiary.

Another suggestion would be to consider raising the SGA levels to provide more incentive for individuals to return to the workforce and/or simplify disability work incentives and pursue early intervention measures once a beneficiary is on the rolls. This would reduce the number of disability beneficiaries, minimize time developing complex issues, increase public understanding of work incentives, and return more beneficiaries to work. Early invention measures, such as supportive employment services and targeted incentives for employers to help disabled workers remain on the job, have the potential to achieve long-term gains in employment. Studies show that engagement in the workforce can lead to improved health outcomes, and there are specific benefits associated with part-time work as well. If additional individuals are encouraged to find employment and return to work this could result in significant savings to the program. Lastly, a decrease in overpayments could be achieved if work rules were consistent and/or simplified and more easily understood by the public. Inconsistent work rules between the programs are contrary to SSA's mission to reduce administrative costs, improve efficiency, and simplify its operations.

Systems Enhancements

NCSSMA recommends that SSI wage reporting be simplified so that wage reports automatically update to the agency's system without requiring faxing or mailing pay stubs that require manual updates. Currently, beneficiaries encounter difficulties when reporting wages through electronic

means. As a result, it is often easier to mail, fax, or drop off wages or pay stubs to the field office, which is more time-consuming for SSA employees and adds time and administrative burden to processing this workload. If wage reports were automatically updated to SSA systems, payments would be more accurate and it would require less administrative time to process. There would be fewer overpayment waivers and non-medical appeals resulting in additional savings.

NCSSMA hopes that implementation of the Payroll Information Exchange (PIE), will allow SSA to process work reports more accurately and efficiently. PIE will allow SSA to have access to payroll information directly from employers. With the beneficiary rolls at an all-time high, automated processes are needed to address the volume of work created by maintaining records of those who seek to return to work after entitlement to Social Security Disability benefits or Supplemental Security Income. PIE is slated to post diaries on individual records and will still require manual action by SSA employees to go into the record to review and post the earnings to the record. PIE is a good first step but will be limited based on employer participation and may not cover the majority of individuals receiving SSDI and SSI benefits. SSA must continue to pursue other initiatives and program improvements.

Resources

SSA must have the resources, systems, and policies to make it easier and more efficient for our customers and employees. The agency must continue efforts to replace frontline staff in field offices and teleservice centers to help those who request our assistance. At the same time, SSA must work with Congress to ensure that our policies and how we transact business are thoughtful, accurate, and efficient.

To address many of the challenges outlined above, SSA must have appropriate funding. NCSSMA believes that funding for SSA is an excellent investment on behalf of the American public and has submitted testimony to the Senate and House Appropriations Committees requesting that Congress approves funding of **no less** than the Commissioner's budget request of \$16.236 billion in Fiscal Year (FY) 2025 for SSA's Limitation on Administrative Expenses (LAE) account. We realize the funding challenges currently facing Congress, but if modest, yet sustained funding increases could be provided for SSA it would allow the agency to address existing challenges and provide future opportunities to the American public to access timely, accurate payment of their benefits. They deserve, and have paid for, no less.

Conclusion

Implementing a consistent method of how wages and work incentives are counted between the Supplemental Security Income and the Social Security Disability Insurance program and simplifying both programs will reduce improper payments, improve understanding for recipients, and encourage claimants to return to work. NCSSMA also believes that improving how wages are reported and making wage reporting more of an automated process will ensure the Social Security Administration is paying recipients the right amount at the right time while decreasing administrative burden in the agency's field offices.

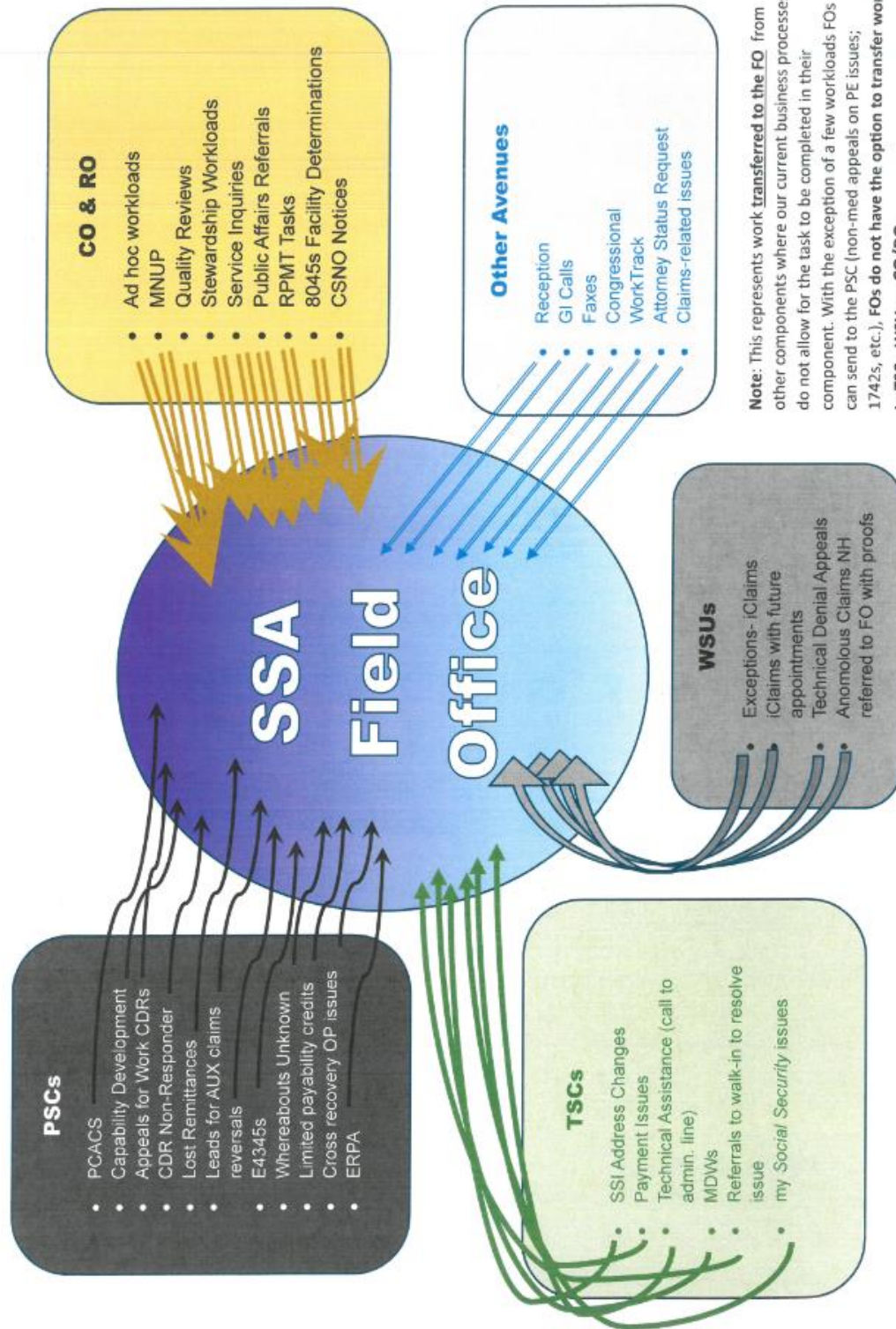
Administering the SSDI and SSI disability programs are only two workloads that SSA is responsible for. All workloads are all important. Although certain workloads fall under the purview of other components, the majority of workloads fall on the shoulders of field office employees. In addition, as the visual representation at the end of this testimony demonstrates, because of system and policy limitations, even workloads that fall under the purview of other components, often become the field offices' responsibility. We would welcome any assistance that Congress

can provide to simplify these workloads and improve our systems. This would reduce the burden on beneficiaries and employees, and improve our stewardship capabilities.

We understand that there are significant challenges for SSA to overcome, but there are also significant opportunities that we can create. It will require a team effort to address these challenges and we appreciate the engaged oversight of the Committee and the support you have shown for our agency and our members over the years. Working together, we can address challenges while at the same time creating opportunities.

On behalf of the National Council of Social Security Management Associations, thank you again for the opportunity to be here today to provide our front-line perspective. National Council members are not only dedicated Social Security managers and supervisors, but are also personally committed to the mission of the agency, providing the best service possible to your constituents. We respectfully ask that you consider our comments and appreciate any assistance you can provide in ensuring the American public receives the critical and necessary service they deserve from the Social Security Administration.

Visual Representation of Work Flowing to the Field Offices
From Other Components & External Contacts



Note: This represents work transferred to the FO from other components where our current business processes do not allow for the task to be completed in their component. With the exception of a few workloads FOs can send to the PSC (non-med appeals on PE issues; 1742s, etc.), FOs do not have the option to transfer work to TSCs, WSUs, or CO/RO.