

# Accuracy of Quarterly Wage Data and Their Impact on Social Security Benefits

## A-03-12-11213



March 2013

Office of Audit Report Summary

### Objectives

To assess the accuracy of the quarterly wage data collected by the Office of Child Support Enforcement (OCSE) and determine their effectiveness in helping identify overpayments in the Social Security Administration's (SSA) benefit programs.

### Background

The National Directory of New Hires (NDNH) is a repository of wage and employment information that includes new hire (W-4), unemployment insurance, and quarterly wage information reported by State and Federal agencies. Our audit focused on the quarterly wage data included in the NDNH. SSA accesses the quarterly wage data to (1) establish or verify eligibility and/or payment amounts under the Supplemental Security Income (SSI) program; (2) establish or verify eligibility and/or continuing entitlement under the Disability Insurance program; and (3) administer the Ticket to Work (TTW) and Self-Sufficiency programs.

In addition, SSA verifies the names and Social Security numbers on all quarterly wage reports to ensure the data are accurate before OCSE transmits them to State and Federal agencies.

### Our Findings

During Fiscal Years (FY) 2006 to 2012, SSA was not always able to verify the accuracy of the names and Social Security numbers on the quarterly wage reports because many States submitted a partial set of, or no, letters in the employee name field. Specifically, SSA could not verify 29 percent of the records in FY 2006. This amount was reduced to 23 percent in FY 2012. Although some States may have had complete and accurate wage information in their records, their computer systems could not transmit all the required wage information to OCSE. Additionally, some States only required that employers submit partial names for employees. As of 2012, several States had taken, or would be taking, steps to ensure they complied with the reporting requirements for the quarterly wage data, which should help decrease the number of records posted to the non-verifiable file.

Despite the fact that the non-verifiable records represented a significant portion of quarterly wage records posted to the NDNH file, SSA was able to use the quarterly wage data included on these records to verify individuals' eligibility and continued eligibility for SSI, Disability Insurance, and administration of the TTW program. We found that 29 of the 83 S2 alerts we reviewed were generated based on non-verifiable quarterly wage reports. As SSA staff developed these alerts, they verified the identities of individuals included on the quarterly wage reports by contacting individuals to confirm the quarterly wages actually belonged to SSI recipients and provided advance notice prior to taking any action. Because SSA used the quarterly wages, it identified about \$114,000 in overpayments. Therefore, the non-verifiable records did not negatively impact SSA's ability to identify improper payments in its SSI program.