



Testimony

Before the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

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SSA REPRESENTATIVE PAYEE PROGRAM

Long-Term Strategy Needed to Address Challenges

Statement of Daniel Bertoni, Director
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Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee:

I am pleased to discuss our recent work on the Social Security Administration's (SSA) Representative Payee Program. Representative payees—persons or organizations that SSA staff appoint to manage Social Security benefits for those who are unable to do so for themselves—play an important role in ensuring that Social Security beneficiaries' needs are met. In fiscal year 2012, about 5.9 million payees managed \$72 billion in Social Security benefits for nearly 8.4 million beneficiaries. Since 2002, the number of beneficiaries needing a payee has increased by nearly 20 percent, and is likely to grow further as the population ages.

My remarks are based on our report released today that describes the current and long-term challenges facing the Representative Payee Program and steps SSA has taken, or could take, to address them.¹ To obtain this information, we reviewed relevant research, policies, federal laws and regulations, and other documents. In addition, we interviewed SSA officials and other parties, and visited SSA's Philadelphia Regional Office. We also reviewed program trend data. In addition, we identified options SSA could consider to address program challenges and conducted interviews with individuals and organizations knowledgeable about the program to determine the strengths and weaknesses of these options. We conducted the work that this testimony is based on in accordance with generally accepted government auditing standards. A more detailed explanation of our methodology is available in our report.

In summary, we found that SSA struggles to effectively administer its Representative Payee Program, despite steps the agency has taken to address its challenges in identifying, selecting, and monitoring representative payees. SSA field office managers in some offices said that due to increasing workloads and staff attrition they sometimes have to perform payee program duties that lower-level staff typically handle. SSA is also encountering increasing numbers of beneficiaries who may not have a suitable payee readily available. In an effort to address this

¹ GAO, *SSA Representative Payee Program: Addressing Long-Term Challenges Requires a More Strategic Approach*, [GAO-13-473](#) (Washington, D.C: May 29, 2013).

challenge, SSA hosted a webinar to recruit additional payees. However, agency officials said this effort did not produce any new payees. SSA also faces challenges ensuring that payees who are selected are suitable for the task. In response, SSA has implemented a pilot program in its Philadelphia region to screen and bar payee applicants who have been convicted of certain crimes such as robbery and fraud to obtain governmental assistance. SSA said the focus of the pilot is to determine how easily these additional controls can be implemented. However, agency officials told us they did not plan to assess whether the pilot actually reduces the incidence of benefit misuse in the long run. In our report, we recommend that SSA systematically evaluate the effectiveness of the pilot to help ensure that it meets its intended purpose of preventing misuse. SSA officials have concurred with this recommendation and said they will develop criteria to measure whether the pilot is effectively preventing misuse, as well as whether the agency is able to find suitable payees, before going nationwide.

We also found that SSA faces challenges monitoring payees' use of beneficiaries' SSA funds—a time-consuming process. SSA has developed an electronic accounting process that allows payees to submit reports online, which saves staff time on handling and scanning paper reports. However, it does not lessen the need for SSA staff to review some of these reports. To better leverage its resources, SSA changed how it selects payees for some of its discretionary reviews—from a random sample approach to one that targets payees at higher risk of misusing benefits. SSA currently identifies these payees using a misuse predictive model that relies on certain payee and beneficiary characteristics, as previously recommended by the SSA Office of the Inspector General (OIG) and the National Research Council.² SSA has taken other steps to improve the administration of the program, but the OIG continues to designate the program as a major SSA management challenge.

Some of the actions SSA has taken to improve administration of the Representative Payee Program align with goals in the agency's Strategic

² National Research Council, Committee on Social Security Representative Payees, *Improving the Social Security Representative Payee Program: Serving Beneficiaries and Minimizing Misuse* (Washington, D.C.: 2007); SSA Office of the Inspector General, *Characteristics of Representative Payees that May Increase the Risk of Benefit Misuse, A-09-08-38055 Audit Report* (August 2009).

Plan. However, SSA has not developed a comprehensive plan for addressing the challenges this program faces over the long term. The proportion of elderly individuals is projected to grow to nearly 20 percent of the total population over the next two decades and it is estimated that the number of aged beneficiaries could increase from over 38 million in 2012 to over 72 million in 2035. This projected growth in the size of the beneficiary population has implications for the Representative Payee Program and the resources required to find and monitor payees in the future. SSA has acknowledged the potential increase in workload the program faces in the future, but has done little to gauge future demands on the program. Thus, we have recommended that SSA estimate the future demand for payees and the resources required to meet this demand, as well as determine the likely demographic characteristics of future beneficiaries. SSA concurred with this recommendation and indicated it will develop such data.

We identified several options proposed by various experts and stakeholders that might help SSA address its growing workload by increasing its pool of payees, targeting its monitoring activities, or both. (See table 1.) We interviewed experts and members of organizations who are knowledgeable about the payee program (interviewees) to gain their perspectives on the potential strengths and weaknesses of these options. These interviewees identified trade-offs with each of the options, mostly related to balancing SSA's efforts to streamline and simplify the program with the need to protect beneficiaries from fraud and abuse. For example, these interviewees indicated that allowing custodial parents to automatically receive benefits on behalf of their children without first requiring them to submit a payee application would reduce SSA workloads, but it would also eliminate safeguards to help ensure that children's benefits are being used in their best interest.

Table 1: Potential Options to Address SSA Challenges

Option	Description
Options to increase the pool of payees	
Develop and maintain a group of readily available certified payees	SSA, or an entity under contract to SSA, could develop a program to identify, train, and certify payees who would then be available on an as-needed basis when SSA has difficulty finding a payee for a beneficiary.
Permit a broader range of organizations to collect a fee for serving as a payee	Change the requirements in the law that organizations need to meet to collect a fee for their payee services by, for example, allowing for-profit organizations to collect a fee or changing the requirement that an organization serve at least five beneficiaries.
Select individuals appointed by other entities	Automatically appoint an individual and organization as a beneficiary's payee if they are already designated by one of a range of legal authorities and entities to oversee the beneficiary's assets.
Options to further target monitoring activities	
Reduce monitoring requirements for custodial parents and spouses	Change the law to eliminate or lessen monitoring requirements for payees who are the custodial parent of the beneficiary for whom they are payee and for spousal payees who live with a beneficiary.
Reduce monitoring requirements for individuals appointed by other entities	Change the law to eliminate or lessen monitoring practices for payees if they are already designated by one of a range of legal authorities and entities to oversee the beneficiary's assets.
Expand "risk-based targeting" approach to exempt some payees from annual accountings	Change the law to allow SSA the flexibility to select payees who would be required to file accountings based on indicators of misuse.
Expand use of outside organizations for monitoring	Expand the current contract with the National Disability Rights Network to have it conduct additional reviews that are currently completed by SSA staff.
Options to potentially address challenges with finding and monitoring payees	
Drop payee requirement for children	Allow custodial parents to automatically receive benefits on behalf of their children and not require the custodial parent to apply or be designated as a payee.
Enhance coordination with entities that serve similar populations	Further develop relationships on payee matters with state Adult Protective Service agencies, state courts, state protection and advocacy agencies, Area Agencies on Aging, Aging and Disability Resource Centers, and state foster care agencies, and to the extent practical and permissible, share information with them on payee matters.

Source: GAO analysis.

Note: See our full report, [GAO-13-473](#), for a more detailed description of these options as well as their potential strengths and weaknesses. We did not conduct an independent review of the feasibility or potential impact of any of these options, and we are not recommending or endorsing the adoption of any of them.

SSA has acknowledged that changes to the Representative Payee Program are needed to address its growing workloads and effectively manage the program, but told us that few of the options identified are currently under consideration by the agency. SSA has recognized the potential benefits of some of these options, such as limiting parental financial accounting requirements and developing a pool of payees for hard to serve beneficiaries, and has taken steps toward implementing them. Nonetheless, SSA officials said they cannot implement several

options, such as changing screening requirements for parents, because the agency is statutorily required to conduct these activities. They also indicated that some of these options would not help SSA administer the program more effectively or would be too costly. Despite these assertions, SSA officials have not fully assessed the potential benefits and feasibility of these options or begun to explore other alternatives that could help the agency address the current and growing demands on the program. Such an assessment could inform the types of actions that SSA should take, including whether the agency should pursue developing legislative proposals for change. In our report, we recommend that SSA develop a long-term strategy for addressing these challenges that includes developing and testing a range of alternatives that could streamline program processing. SSA concurred with this recommendation and said it is considering alternatives to streamline its program processing and enhance its monitoring.

Given the significant role that payees play in the lives of many SSA beneficiaries, it is imperative for SSA to take a long-term strategic approach to position itself to administer the Representative Payee Program effectively now and in the future.

Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee, this concludes my prepared remarks. I would be happy to answer any questions that you or other members of the subcommittee may have.

Contacts and Staff Acknowledgments

For further information regarding this testimony, please contact Daniel Bertoni at (202) 512-7215, or at bertonid@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony include Clarita Mrena (Assistant Director), Sherwin Chapman, Nyree Ryder Tee, Gary Bianchi, David Chrisinger, Mimi Nguyen, Vanessa Taylor, Roger Thomas, and Walter Vance.

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