

Government Pension Data for the Windfall Elimination Provision and Government Pension Offset Determinations

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) appropriately applied the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). We also gathered information about SSA's efforts to obtain non-covered pension data for beneficiaries.

Background

The *Social Security Act* includes two provisions—WEP and GPO—that reduce or offset monthly Old-Age, Survivors and Disability Insurance (OASDI) benefits paid to individuals who receive a non-covered pension from employment in the United States or another country.

SSA primarily relies on claimants and beneficiaries to self-report entitlement to non-covered pensions. For retired Federal employees, the Agency receives monthly non-covered pension notifications from the Office of Personnel Management. However, SSA does not receive similar non-covered pension notifications from state, local, or foreign governments.

We reviewed pension evidence that supported the WEP and GPO determinations SSA made between January 2016 and June 2021. We also reviewed the Agency's actions for obtaining non-covered pension information.

Results

SSA generally made accurate WEP and GPO determinations when it had the non-covered pension information it needed. However, the Agency continued relying on beneficiaries to self-report their non-covered pensions.

To directly receive non-covered pension data from other sources for OASDI beneficiaries, SSA made: (1) legislative proposals; (2) congressional requests to exchange state and local governments' pension data; and (3) requests to collect non-covered pension information directly from state and local governments or the Internal Revenue Service (IRS). SSA also intends to revise its SSA's Foreign Enforcement Questionnaire to allow the Agency to collect foreign non-covered pension information.

Although SSA applied the provisions governing WEP and GPO programs and attempted to directly receive non-covered pension data from other sources, the Agency continued reporting WEP and GPO as two of the leading causes of improper payments in the OASDI program.

Recommendation

We recommend SSA determine whether to seek legislation to amend the Internal Revenue Code to permit the IRS to share with SSA non-covered pension data for all OASDI beneficiaries.

SSA disagreed with our recommendation, stating the decision to propose legislation depends on multiple factors, many outside of the Agency's control. Also, SSA's legislative proposal process is pre-decisional and deliberative and cannot be discussed outside of what is published in the President's Budget.

We continue to recommend that SSA consider whether to seek legislative changes to amend the IRS code to permit the IRS to share with SSA non-covered pension data for all OASDI beneficiaries. SSA can work with the Office of Management and Budget on proposed legislation during the President's budget cycle. We believe proposed legislation and enacted changes in the IRS code will allow SSA to reduce improper payments related to WEP and GPO.