

Follow-up on Prisoner Incentive Payments

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Office of Audit Report Summary

Objective

To assess the accuracy of the Social Security Administration's (SSA) incentive payments to correctional facilities.

Background

The *Social Security Act* prohibits individuals from receiving (1) Old-Age, Survivors and Disability Insurance (OASDI) benefits if they have been convicted and incarcerated for a period of longer than 30 days in a jail, prison, or other penal/correctional facility and (2) Supplemental Security Income (SSI) payments if they have been confined in a public institution throughout any month.

To encourage the timely reporting of inmate data that would allow SSA to suspend OASDI and SSI payments to prisoners, the *Social Security Act* allows the Agency to make incentive payments to State and local correctional facilities.

We have issued three prior reports on prisoner incentive payments that concluded SSA did not adhere to incentive payment provisions in the *Social Security Act* when it paid correctional facilities.

To conduct this review, we identified 452,746 incentive payments, totaling \$167 million, that SSA paid from March 2014 through April 2019. We randomly selected 275 cases from this population for detailed analysis.

Findings

SSA updated its system and, as a result, issued incentive payments in compliance with the timeframes specified by the *Social Security Act*. However, we still found SSA incorrectly paid some incentives.

We estimate SSA incorrectly issued approximately 77,000 incentive payments totaling \$25 million. Of the \$25 million, SSA erroneously paid approximately \$21 million because, generally, the beneficiaries did not meet the criteria for suspension. SSA improperly paid correctional facilities the remaining \$4 million because it did not receive inmate data within the timeframe established by law, but it did receive the data within the timeframe implemented by SSA—a condition we identified in our prior reports. These incorrect payments occurred before SSA corrected this issue in March 2016.

Recommendation

We recommend SSA reinforce established procedures regarding proper development of incarcerated beneficiaries and recoupment of erroneous incentive payments to correctional facilities. SSA agreed with the recommendation.