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March 31, 2025

### **VIA ELECTRONIC TRANSMISSION**

Mr. Leland Dudek  
Acting Commissioner  
Social Security Administration

Dear Acting Commissioner Dudek:

A September 2024 Social Security Office of Inspector General (IG) report highlighted the Social Security Administration's (SSA) failure to use a verification tool that could save taxpayers millions of dollars in improper Supplemental Security Income (SSI) payments.<sup>1</sup> The IG found SSA's financial account validation process did not always lead to accurate SSI determinations and estimated, based on sample results, that 198,960 recipients received \$718 million in improper payments due to undisclosed financial account funds held by recipients.<sup>2</sup> In its audit, the IG used SSA's own verification tool to find improper payments.<sup>3</sup> These cases were not subject to verification under SSA policy because the recipients alleged they had minimal liquid resources.<sup>4</sup> Based on its findings, the IG recommended SSA expand use of this verification tool to catch these occurrences.<sup>5</sup> Previous IG reports have also recommended more frequent use of this tool during the lifecycle of an SSI case to combat improper payments.<sup>6</sup> In both cases, SSA has resisted making changes until completion of a long-delayed study.<sup>7</sup>

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<sup>1</sup> Social Security Administration Office of the Inspector General, Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances (September, 2024), <https://www.oversight.gov/sites/default/files/documents/reports/2024-10/02-21-51028.pdf>; Social Security Administration, Supplement Security Income (SSI), <https://www.ssa.gov/ssi> (Accessed January 16, 2025) (SSI is a needs-based program that provides monthly payments to elderly or disabled individuals who lack substantial financial resources.); Social Security Administration, Spotlight on Resources, <https://www.ssa.gov/ssi/spotlights/spot-resources.htm> (Accessed January 16, 2025) (To be eligible an individual cannot have resources, such as bank accounts, beyond allowable dollar limits.); *see also* Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1 at 1 (financial eligibility for benefits is determined on a monthly basis).

<sup>2</sup> Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1, at 5, B-1; *see also* Social Security Administration Office of the Inspector General, Semiannual Report to Congress (Fall, 2024), <https://oig.ssa.gov/assets/uploads/ssa-oig-semiannual-report-to-congress-fall-2024.pdf> at 41 (showing \$718 million is the highest questioned costs of all IG reports listed).

<sup>3</sup> Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1, at 1-2, 4-5.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 4, 8.

<sup>6</sup> Social Security Administration Office of the Inspector General, Audit Report: The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in the Fiscal Year 2020 Agency Financial Report (May, 2021), <https://oig-files.ssa.gov/audits/full/A-15-20-50949.pdf> at 7-9; Social Security Administration, Audit Report: Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022 (May, 2023), <https://oig.ssa.gov/assets/uploads/a-15-22-51183.pdf> at 12.

<sup>7</sup> Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1; Audit Report: The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in the Fiscal Year 2020 Agency Financial Report at 9, *supra* note 6; Social Security Administration, Audit Report: Compliance

In the interest of government efficiency and substantial taxpayer savings, SSA must give a full accounting of its progress and plans to pursue an expanded use of this tool. For over two decades, I've asked questions about improper payments made by the Social Security Administration.<sup>8</sup>

The verification tool at issue is the Access to Financial Institutions (AFI) application that allows SSA employees to automatically request and receive financial account balances.<sup>9</sup> It allows SSA to verify alleged bank account balances, search for undisclosed accounts at geographically relevant locations based on the individual's address, and search for a specific financial institution if there is reason to believe applicants or recipients have an account at a specific undisclosed financial institution.<sup>10</sup> AFI reports are automatically updated to individuals' records in SSA's system, and the system generates an alert that SSA employees must review when an account balance appears to take an individual over the allowable SSI resource limit.<sup>11</sup>

These verifications occur at the initial SSI claim and at "redeterminations" which are reviews for non-medical eligibility factors, including financial resources.<sup>12</sup> The period between an initial approval of benefits and a redetermination can be substantial, allowing for undiscovered improper payments to pile up. According to SSA, a redetermination occurs every 1 to 6 years for most recipients.<sup>13</sup> Further, a 2018 IG report found that SSA had not completed eligibility determinations for approximately 1.1 million SSI recipients in over 10 years.<sup>14</sup> The IG estimated that in fiscal year 2021, SSA could have prevented approximately \$1.4 billion in overpayments due to financial accounts had it performed AFI searches between the initial application and redetermination.<sup>15</sup>

The IG's September 2024 report focused on a different, but similarly costly, SSA self-imposed limitation on AFI's usage.<sup>16</sup> SSA's policy is to not validate financial account balances if the SSI applicant or recipient alleges they have less than \$400 in liquid resources.<sup>17</sup> This means an SSI applicant or recipient who tells SSA that they have one bank account containing \$100 will not have this

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with the Payment Integrity Information Act of 2019 in Fiscal Year 2022, *supra* note 6, at 5-6, 12, E-1; Social Security Administration Office of the Inspector General, Informational Report: Preventing, Detecting, and Recovering Improper Payments (July, 2024), <https://oig.ssa.gov/assets/uploads/072401.pdf> at B-3.

<sup>8</sup> Letter from Senator Grassley to Social Security Administration Commissioner Barnhart (July 13, 2004), <https://www.finance.senate.gov/chairmans-news/grassley-calls-on-social-security-administration-to-protect-program-dollars-for-disabled>; Letter from Senator Grassley to Acting Social Security Administration Commissioner Colvin (June 4, 2013), <https://www.grassley.senate.gov/imo/media/doc/2013-06-04-CEG-to-SSA-Improper-Payments.pdf>.

<sup>9</sup> Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1, at 2.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> Social Security Administration Office of the Inspector General, Informational Report: Preventing, Detecting, and Recovering Improper Payments (July, 2024), <https://oig.ssa.gov/assets/uploads/072401.pdf>; Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1, at 1-2 (Financial account verification is also required at pre-effectuation which is the process of bringing up to date and or fully documenting a claim after receipt of a notice of disability allowance, and in limited issue reviews. AFI is the preferred method of verifying accounts, although an individual may provide statements and other records as evidence.); Social Security Administration, Redeterminations, <https://www.ssa.gov/ssi/text-redets-ussi.htm> (Accessed January 15, 2025).

<sup>13</sup> Social Security Administration, Redeterminations, <https://www.ssa.gov/ssi/text-redets-ussi.htm> (Accessed January 15, 2025).

<sup>14</sup> Social Security Administration Office of Inspector General, Supplemental Security Income Recipients Who Have Not Had a Redetermination in Longer than 10 Years (August, 2018), <https://oig-files.ssa.gov/audits/full/A-01-17-50219.pdf>.

<sup>15</sup> Social Security Administration, Audit Report: Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022 (May, 2023), <https://oig.ssa.gov/assets/uploads/a-15-22-51183.pdf> at 5.

<sup>16</sup> Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1.

<sup>17</sup> *Id.* at 1 (Verification is also required during resource-related redeterminations or limited-issue reviews for which the liquid resource tolerance does not apply, regardless of the alleged resource value.).

verified through AFI, apart from certain exceptions.<sup>18</sup> This policy effectively exempts a significant number of cases from AFI verification and increases SSA's reliance on self-reported information.

The IG report illustrates how a lack of verification, in cases where financial account balances are alleged to be under \$400, results in costly mistakes. It evaluated AFI data in 140 cases where no verification had taken place because the SSI applicant or recipient alleged to have an account balance totaling less than \$400.<sup>19</sup> It found that, of the 140 cases sampled, SSA made inaccurate SSI resource determinations for 27 recipients, paying them \$130,430 in payments they were not eligible for.<sup>20</sup> It further found that nearly three quarters of the recipients under-reported their financial account balances by \$100 or more and that many of them owned financial accounts of which SSA was unaware.<sup>21</sup> Based on these findings, the IG estimated that SSA incorrectly made SSI resource determinations leading to 198,960 recipients receiving \$718 million in SSI payments for which they were not eligible, 800,140 applicants/recipients under-reported their financial accounts balances by \$100 or more, and 219,640 applicants/recipients failed to report all financial accounts they owned.<sup>22</sup> The IG report also highlighted earlier studies, from SSA itself, demonstrating the need for change on the issue.<sup>23</sup>

For both of these issues—the need for AFI verification between the initial SSI claim and redetermination and the need for verification where liquid resources are alleged to be under \$400—recommendations have been made, but not yet acted upon. The IG in 2021 stated that SSA was exploring the expanded use of AFI between initial claims and redeterminations.<sup>24</sup> SSA later backtracked and said it wasn't pursuing such a study, only to reverse course again and agree to study the issue.<sup>25</sup> According to a July 2024 IG report, SSA “began its analysis in the third quarter of FY 2024 to ‘help inform potential benefits of using [AFI] between initial claims and redeterminations.’”<sup>26</sup> Likewise, in its September report, the IG recommended using AFI verification regardless of the resources reported.<sup>27</sup> SSA disagreed with this recommendation and deferred acting until after completing an AFI expansion study.<sup>28</sup> Such a study, however, has been long discussed, but never acted upon.<sup>29</sup> It's past time for these studies to be completed and for action to be taken.

Given the history of untold millions, and perhaps billions, lost in improper SSI payments and SSA's reluctance to expand AFI usage to combat a known and correctable problem, SSA must provide a full accounting and timeline for action.<sup>30</sup> Accordingly, in order to inform congressional oversight,

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<sup>18</sup> *Id.*

<sup>19</sup> *Id.* at 4, B-1

<sup>20</sup> *Id.* at 5.

<sup>21</sup> *Id.* at 5.

<sup>22</sup> *Id.* at 5.

<sup>23</sup> *Id.* at 2-4.

<sup>24</sup> Social Security Administration Office of the Inspector General, Audit Report: The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in the Fiscal Year 2020 Agency Financial Report (May, 2021), <https://oig-files.ssa.gov/audits/full/A-15-20-50949.pdf> at 9.

<sup>25</sup> Social Security Administration, Audit Report: Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022 (May, 2023), <https://oig.ssa.gov/assets/uploads/a-15-22-51183.pdf> at 5, 12, E-1.

<sup>26</sup> Social Security Administration Office of the Inspector General, Informational Report: Preventing, Detecting, and Recovering Improper Payments (July, 2024), <https://oig.ssa.gov/assets/uploads/072401.pdf> at B-3.

<sup>27</sup> Social Security Administration Office of the Inspector General, Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1, at 8.

<sup>28</sup> *Id.* at 8, C-1.

<sup>29</sup> *Id.* at 8, C-1; *see also* Social Security Administration Office of the Inspector General, Audit Report: The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2021 (May, 2022), <https://oig.ssa.gov/assets/uploads/a-15-21-51121-rev.pdf> at 6-7, 12.

<sup>30</sup> *Id.* at 7 (The report states “SSA agreed to conduct a study in determining the cost benefit of expanding the AFI program for SSI beneficiaries but has consistently put it as a low priority”).

provide answers to the following by April 14, 2025. Provide a separate answer for each question and sub-question.

1. With regard to the expansion of AFI usage between the initial benefit approval and subsequent redeterminations:
  - a. Who is conducting the study, and what is its status?
  - b. Describe the scope of and methods used for the study, including any new information it seeks beyond that already known from previous studies.
  - c. Provide a timeline for completion of the study to include descriptions and dates of objective milestones and steps taken to ensure the study is completed on time.
  - d. How will the study be used to make changes to AFI usage, and what is the timeline for these changes?
  - e. Provide a copy of the completed study.
2. With regard to using AFI verification for those reporting balances under the \$400 threshold:
  - a. Who is conducting the study, and what is its status?
  - b. Describe the scope of and methods used for the study, including any new information it seeks beyond that already known from previous studies.
  - c. Provide a timeline for completion of the study to include descriptions and dates of objective milestones and steps taken to ensure the study is completed on time.
  - d. How will the study be used to make changes to AFI usage, and what is the timeline for these changes?
  - e. Provide a copy of the completed study.
3. According to the September report, the IG asked SSA why additional research is needed to reduce the liquid resource level of cases subject to AFI verification to below \$400.<sup>31</sup> SSA responded:

Reducing the SSI resource tolerance used for AFI to zero would involve a very large increase in the total number of AFI queries, as most beneficiaries and applicants have alleged resources under \$400. Because of this, it would require a re-negotiation of our AFI contract with the vendor, increasing the contract cost. It would also increase the redeterminations and initial claims workloads for field office technicians. Because there would be significant costs associated with the change, a focused study is desirable to quantify and accurately compare the costs and benefits.<sup>32</sup>

- a. Provide the total number and type of expected additional queries, from SSI applications, per individual case and in aggregate, and how those numbers were determined.
- b. Provide the total number and type of expected additional queries from redeterminations, per individual case and in aggregate, and how those numbers were determined.
- c. Provide the estimated additional workload for each additional query in terms of employee hours worked, employee costs, and any other costs.
- d. What are the costs and benefits that will be analyzed by the study, as the statement describes?

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<sup>31</sup> Audit Report: Supplemental Security Income Recipients Who Under-report Financial Account Balances, *supra* note 1, at 7.

<sup>32</sup> *Id.*

- e. Provide a copy of the AFI vendor contract.
  - f. Have the terms of the AFI vendor contract, pertaining to cost of an individual query or total cost of the contract, changed since its origination in 2011? If so, how?
  - g. The IG report stated that, per SSA, its contract for AFI use cost \$10.3 million in FY 2022.<sup>33</sup> What was the cost in 2023 and 2024 and what does the taxpayer get for it?
4. The IG report states: “In January 2023, SSA reported its AFI vendor had a total of 9,976 financial institutions on file; 8,144 were participating institutions that responded to requests for financial information and 1,821 were non-participating institutions that did not. SSA could not explain why some institutions chose not to participate in the AFI process.”<sup>34</sup>
- a. Explain the process by which financial institutions are put on file and participate.
  - b. Have you had any discussions with the vendor about improving financial institution participation?
5. According to a May 2024 IG report, SSA last updated the AFI program in January 2016 when it added a search feature to identify financial institutions by routing number.<sup>35</sup> Have the capabilities of the AFI application been changed or improved since that time? If so, how?
6. Has SSA changed or expanded the use of AFI to verify financial accounts of SSI applicants or recipients in any other way? If so, how?
7. Has SSA used or considered use of any other tool, beyond AFI, to electronically or automatically verify financial accounts and reduce improper payments?

Thank you for your prompt attention to this matter. Should you have any questions, please contact my Committee staff at (202) 224-5225.

Sincerely,



Charles E. Grassley  
Chairman  
Senate Finance Subcommittee on Social Security,  
Pensions, and Family Policy

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<sup>33</sup> *Id.* at 2, footnote 8.

<sup>34</sup> *Id.* at 2, footnote 7.

<sup>35</sup> Social Security Administration Office of the Inspector General, Audit Report: The Social Security Administration’s Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2023 (May, 2024), <https://oig.ssa.gov/assets/uploads/152309.pdf> at 7.