



Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Students Whose Benefits Were  
Erroneously Terminated When  
They Reached Age 18

*A-09-19-50823 | April 2022*



Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** APRIL 22, 2022

**Refer To:** A-09-19-50823

**To:** Kilolo Kijakazi  
Acting Commissioner

**From:** Gail S. Ennis,   
Inspector General

**Subject:** Students Whose Benefits Were Erroneously Terminated When They Reached Age 18

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration had adequate controls to ensure children who reached age 18 and still attended school received benefits.

If you wish to discuss the final report, please call me or have your staff contact Michelle Anderson, Assistant Inspector General for Audit.

Attachment

# Students Whose Benefits Were Erroneously Terminated When They Reached Age 18

## A-09-19-50823



April 2022

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure children who reached age 18 and still attended school received benefits.

### Background

Children may receive benefits if they are younger than age 18 and their parent is entitled to Old-Age, Survivors and Disability Insurance benefits. They may also qualify for benefits if they are 18 and older when they are a student at an elementary or secondary school.

To be entitled to student benefits, beneficiaries must attend an educational institution full-time (at least 20 hours per week) and be age 19 and 2 months or younger. Student benefits cease either the month after the student stops attending school full-time or when the student attains age 19 and 2 months, whichever is sooner.

We identified 16,632 beneficiaries who were entitled as children and placed in terminated payment status when they reached age 18; however, SSA recorded they remained full-time students past the termination month on the benefit record.

### Results

SSA did not have adequate controls to ensure children who reached age 18 and still attended school received benefits. SSA did not properly continue benefits for 87 of the 100 students in our sample once they reached age 18, which resulted in \$357,872 in underpayments. Based on our sample results, we estimate SSA underpaid 14,470 beneficiaries approximately \$59.5 million.

We concluded SSA employees incorrectly input student information on beneficiaries' records while using the Post Entitlement Online System and Modernized Claims System. This resulted in the termination of benefits for students aged 18 despite evidence of their continuing student enrollment. Further, SSA's Title II Redesign System generally did not create alerts instructing SSA employees to determine whether students were still due benefits past age 18.

### Recommendations

SSA must improve its controls to ensure beneficiaries who reach age 18 and still attend school receive benefits to which they are entitled. We made five recommendations for SSA to take corrective action. SSA agreed with our recommendations.

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## **ABBREVIATIONS**

Form SSA-1372-BK *Advance Notice of Termination of Child's Benefits*

MBR Master Beneficiary Record

MCS Modernized Claims System

OIG Office of the Inspector General

POMS Program Operations Manual System

POS Post Entitlement Online System

SSA Social Security Administration

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to ensure children who reached age 18 and still attended school received benefits.

## BACKGROUND

The Old-Age, Survivors and Disability Insurance program provides monthly benefits to retired and disabled workers.<sup>1</sup> Children of these beneficiaries may receive benefits if they are younger than age 18 and unmarried.<sup>2</sup> They may also qualify for benefits if they are 18 or older when they are a student at an elementary or secondary school or have a disability.<sup>3</sup> To be entitled to student benefits, beneficiaries must:

- attend an educational institution, such as a middle or high school,<sup>4</sup> full time (at least 20 hours per week), and<sup>5</sup>
- be age 19 years and 2 months or younger.<sup>6</sup>

Student beneficiaries must complete and sign the *Student's Statement Regarding School Attendance* section of SSA's Form SSA-1372-BK, *Advance Notice of Termination of Child's Benefits*, to provide SSA information on their school attendance, including school year beginning and end dates and the number of school hours scheduled per week.<sup>7</sup> A school official must certify the Form<sup>8</sup> and inform SSA if the student ceases attending school full-time.<sup>9</sup>

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<sup>1</sup> 42 U.S.C. §§ 401, 402.

<sup>2</sup> SSA, *POMS*, RS 00203.001.A.1 (July 9, 2018).

<sup>3</sup> SSA, *POMS*, RS 00203.001.A.1.e (July 9, 2018) and RS 00205.001.A (March 26, 2002).

<sup>4</sup> SSA, *POMS*, RS 00205.250.A (November 26, 2002).

<sup>5</sup> SSA, *POMS*, RS 00205.001.A (March 26, 2002) and RS 00205.300 (March 7, 2001).

<sup>6</sup> Benefits may continue beyond this period if the student attends a school on a quarterly/semester schedule, which requires re-enrollment. These situations are rare. SSA, *POMS*, RS 00205.325 (June 25, 2009).

<sup>7</sup> SSA, *POMS*, RS 00205.735.C.2 (October 31, 2017).

<sup>8</sup> SSA, *POMS*, RS 00205.735.C.3 (October 31, 2017).

<sup>9</sup> SSA, *POMS*, RS 00205.735.C.4 (October 31, 2017).

When SSA employees receive student information with an initial claim for benefits, they verify the student's school information<sup>10</sup> and use the Modernized Claims System (MCS)<sup>11</sup> to establish student benefits. Employees use the Post Entitlement Online System (POS)<sup>12</sup> to establish student benefits when they receive student information while the student is already entitled to child benefits.<sup>13</sup>

The information is then processed through the Title II Redesign System, which updates student information on the Master Beneficiary Record (MBR).<sup>14</sup> If SSA employees attempt to input conflicting or incorrect student information on the MBR, the Title II Redesign System alerts them to resolve the discrepancy.<sup>15</sup> In addition, MCS and POS immediately create edit messages in certain situations if an employee tries to add student data incorrectly. This edit message must be resolved before the employee can complete the action.<sup>16</sup>

We identified 16,632 beneficiaries<sup>17</sup> who were entitled as children and placed in terminated payment status when they reached age 18; however, SSA recorded they remained full-time students past the termination months on their MBR. From this population, we selected a random sample of 100 beneficiaries for review (see Appendix B).

## RESULTS OF REVIEW

SSA did not have adequate controls to ensure children who reached age 18 and still attended school received benefits. Based on our sample results, we estimate SSA underpaid 14,470 beneficiaries approximately \$59.5 million. These errors occurred and were not corrected for the following reasons:

- POS and MCS did not generate alerts when SSA employees erroneously input student information in the systems, which resulted in the termination of benefits to student beneficiaries in the months they attained age 18.
- The Title II Redesign System did not identify these errors or produce alerts instructing SSA employees to determine whether students were still due benefits past the months they attained age 18.

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<sup>10</sup> SSA, POMS, RS 00205.400 (September 16, 2021).

<sup>11</sup> SSA, POMS, RS 00205.400.D.2 (September 16, 2021).

<sup>12</sup> SSA, POMS, RS 00205.400.F.6 (September 16, 2021).

<sup>13</sup> SSA, POMS, RS 00205.400 (September 16, 2021). SSA employees use the Manual Adjustment Credit and Award Data Entry system if they cannot add student data through POS or MCS.

<sup>14</sup> The MBR contains all current and previously entitled Old-Age, Survivors and Disability Insurance beneficiaries. SSA establishes an MBR for a beneficiary when it receives an initial claim.

<sup>15</sup> SSA, POMS, GN 02602.005.C (September 24, 2021).

<sup>16</sup> For example, an edit message may occur if (1) there is no previous student information on the MBR and (2) an SSA employee attempts to input student information in the POS in which the beginning of the student's full-time attendance occurs after his/her age 18 attainment month.

<sup>17</sup> As of December 2021, 15,921 of the 16,632 records still had these beneficiaries terminated at age 18 with full-time attendance occurring past the termination month.

## The Agency Underpaid Student Beneficiaries

Of the 100 sampled beneficiaries, SSA correctly determined 10 were not due benefits and took appropriate corrective action to reinstate benefits to 3. However, SSA underpaid the remaining 87 students a total of \$357,872 because it did not continue paying them benefits past the months they turned 18, as required, although they were attending school full-time. The average amount due each student was \$4,113.<sup>18</sup> In July 2020, we provided SSA with information about these 87 students. As of December 2021, SSA had corrected one of these errors.

As shown in Table 1, the 87 students were underpaid for multiple months. Specifically, 44 of the sample beneficiaries were due at least 13 months of student benefits. For example, a beneficiary entitled to child's benefits who attained age 18 in December 2014 submitted Form SSA-1372-BK showing he would continue to be a student and was entitled to benefits until February 2016, the month he attained age 19 and 2 months. Although SSA established the student information on the MBR, an employee incorrectly input student data in POS, which terminated the student's benefits. The beneficiary should have received benefits for an additional 15 months, which resulted in the Agency underpaying him \$19,620. Table 1 summarizes the student beneficiaries in our sample by the range of months they were due unpaid benefits.

**Table 1: Number of Months Student Beneficiaries Were Underpaid**

Number of Months	Number of Beneficiaries
1 Through 3	15
4 Through 6	8
7 Through 9	7
10 Through 12	13
13 Through 15	44

## Post Entitlement Online System Inputs

For 40 students in our sample, SSA employees used POS to erroneously replace, rather than add, student information on the MBR, which caused SSA's systems to terminate benefits when the students reached age 18.<sup>19</sup> With POS, if student data are already on the MBR, an SSA employee should add subsequent data when necessary.<sup>20</sup> For example, a student's senior year of school must be added, while their junior year of school is already included on the MBR.

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<sup>18</sup> The median underpayment was \$3,030.

<sup>19</sup> When the MBR does not indicate a beneficiary is a student in the month he/she attains age 18, benefits terminate effective the month he/she attained age 18.

<sup>20</sup> SSA, POMS, RS 00205.400 (September 16, 2021).

For the 40 errors we identified, SSA employees used POS to replace student information on the beneficiaries' MBR, which caused the Title II Redesign System to terminate the student's benefits. Generally, POS generates an edit message if an employee attempts to input a school start date after the month a beneficiary attains age 18. The edit message must be resolved before the employee can complete the action. However, SSA stated this edit message will not occur if student data are already on the MBR because there are circumstances in which it is appropriate and necessary to change the student start and end dates and therefore change their month of termination.

For example, a student turned 18 in December 2014 while in his junior year of high school. Initially, an SSA employee correctly recorded the student information for his junior year of high school. Because the record indicated the beneficiary was a student in the month he attained age 18, he was entitled to student benefits. Later, an SSA employee recorded information for the student's senior year in POS, beginning July 2015. Rather than add this to the junior year data already on his record, the employee incorrectly replaced the junior year data with senior year data. Because the record no longer indicated the beneficiary was a student in the month he attained age 18, benefits were terminated when he turned 18. POS did not generate an edit message to alert the employee of the error because student information was on the beneficiary's record.

POS does not generate an alert when an employee changes the existing student start date to a month that is after the month the student attained age 18. If POS alerted SSA employees that their proposed inputs would result in the termination of benefits, the employees may not have made the errors.

## **Modernized Claims System Inputs**

For 20 errors in our sample, SSA did not pay student benefits past age 18 because SSA employees did not properly process the required MCS actions when they processed initial claims. For example, a student turned 18 in March 2012 and submitted Form SSA-1372-BK, along with her initial claim, which confirmed she was entitled to student benefits through May 2013. SSA processed the initial claim and paid benefits until March 2012. However, because an SSA employee incorrectly recorded the student's school year information into MCS, a subsequent action was required to continue paying her student benefits through May 2013. An employee did not complete this action, and the beneficiary did not receive benefits once she attained age 18. If MCS included an alert to notify or remind SSA employees of the required subsequent actions, employees may have completed the required actions for these 20 students and their benefits may not have been terminated.

## **Miscellaneous Employee Errors**

In 23 of the remaining 27 error cases, SSA employees made miscellaneous input or processing errors, such as incorrectly terminating a beneficiary at age 18 using the Manual Adjustment Credit and Award Data Entry system or processing an incorrect action in POS to add initial student information on the MBR. We could not determine the cause for the remaining four error cases because there was insufficient evidence in SSA's systems.

## **Title II Redesign Alerts**

Student information is processed through the Title II Redesign System, which updates student information on the MBR, after an SSA employee verifies and inputs the information into POS. The Title II Redesign System should generate alerts for employees to resolve input errors that result in conflicting or incorrect student information on the MBR, such as situations where the student end dates surpass the months they attain age 18.<sup>21</sup> The system produced alerts in 4 of the 87 error cases in our sample; however, we found no evidence SSA employees took the necessary actions to pay these students. For the remaining 83 cases, the system did not generate alerts. In March 2021, we requested SSA review and determine why alerts were not generated. SSA acknowledged its employees input erroneous information and the Title II Redesign System did not generate alerts, but SSA was unable to determine the specific reasons why this occurred.

## **RECOMMENDATIONS**

SSA must improve its controls to ensure beneficiaries who reached age 18 and still attend school receive benefits to which they are entitled. We recommend SSA:

1. Take corrective action for the remaining 87 beneficiaries we identified in our audit.
2. Based on the results of its corrective actions for the 87 beneficiaries, take corrective action for the remaining population of 16,632 beneficiaries.
3. Provide its employees training to ensure they input student information in POS and MCS correctly and entitled student beneficiaries continue to be paid past the months they attain age 18.
4. Update POS and MCS to include alerts to notify SSA employees of potential incorrect actions and required subsequent actions.
5. Update the Title II Redesign System to ensure it generates an alert when SSA has terminated benefits to a child upon attaining age 18; however, the benefit record indicates the individual is a full-time student after they attain age 18.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. SSA's comments are included in Appendix C.



Michelle L. Anderson  
Assistant Inspector General for Audit

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<sup>21</sup> SSA, POMS, GN 02602.005.C (September 24, 2021).

# ***APPENDICES***

## Appendix A – SCOPE AND METHODOLOGY

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From the Social Security Administration’s (SSA) Master Beneficiary Record (MBR), we obtained a data extract of 16,632 beneficiaries<sup>1</sup> who were entitled as children and were placed in terminated payment status when they reached age 18 but whom SSA recorded remained full-time students past the termination month on the MBR. These beneficiaries attained age 18 between January 2003 and March 2019. From this population, we randomly selected a sample of 100 beneficiaries for review. To accomplish our objective, we:

- reviewed the applicable sections of the *Social Security Act* and SSA’s Program Operations Manual System;
- interviewed SSA personnel from the Offices of Operations and Policy;
- obtained and reviewed queries from SSA’s MBR and Claims File User Interface;
- obtained and reviewed Forms SSA-1372-BK, *Advance Notice of Termination of Child’s Benefits*;
- obtained and reviewed paperless electronic folders to determine whether SSA retained evidence of student information; and
- determined whether SSA properly paid benefits to students.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following component and two principles as significant to the audit objective.

- Component 3: Control Activities
  - Principle 10: Design control activities
  - Principle 12: Implement control activities

We determined whether the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We conducted audit work in Richmond, California, between July 2020 and December 2021. The entities reviewed were the Offices of the Deputy Commissioners for Operations, Policy, and Systems.

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<sup>1</sup> As of December 2021, 15,921 of the 16,632 records still had these beneficiaries terminated at age 18 with full-time attendance occurring past the termination month.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix B – SAMPLING METHODOLOGY AND RESULTS

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From the Social Security Administration’s (SSA) Master Beneficiary Record, we obtained a data extract of 16,632 beneficiaries<sup>1</sup> who were entitled as children and placed in terminated payment status when they attained age 18 but whom SSA recorded remained full-time students past the termination month on their Master Beneficiary Record. These beneficiaries attained age 18 between January 2003 and March 2019. From this population, we randomly selected and reviewed a sample of 100 beneficiaries.

We concluded SSA did not pay benefits to 87 students leading to improper underpayments totaling \$357,872. The following tables show our sample results and statistical projections.

**Table B–1: Population and Sample Size**

Description	Beneficiaries
Population Size	16,632
Sample Size	100

**Note:** All statistical projections are at the 90-percent confidence interval.

**Table B–2: Student Benefits SSA Erroneously Terminated at Age 18**

Description	Beneficiaries	Payments
Sample Results	87	\$357,872
Point Estimate	14,470	\$59,521,190
Projection – Lower Limit	13,331	\$49,089,295
Projection – Upper Limit	15,321	\$69,953,084

**Note:** All statistical projections are at the 90-percent confidence interval.

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<sup>1</sup> As of December 2021, 15,921 of the 16,632 records still had these beneficiaries terminated at age 18 with full-time attendance occurring past the termination month.

## Appendix C – AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

Date: April 13, 2022

Refer To: TQA-1

To: Gail S. Ennis  
Inspector General

From: Scott Frey   
Chief of Staff

Subject: Office of the Inspector General Draft Report, "Students Whose Benefits Were Erroneously Terminated When They Reached Age 18" (A-09-19-50823) — INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to

Trae Sommer at (410) 965-9102.



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