Encouraging SSI Recipients to Self-Report Wage Changes

A reminder encouraged SSI recipients to self-report changes in earnings earlier, potentially reducing overpayment

Target a Priority Outcome The Social Security Administration (SSA) provides monthly payments to low income, low resource individuals who are disabled, blind, or age 65 or older as part of the Supplemental Security Income (SSI). Under this program, recipients are required to report to SSA any changes in circumstances, including a change in earnings, that could affect their eligibility in the program or the amount of their monthly payment. Failure to report changes in earnings accurately and promptly is a major cause of improper payments, which included over $3.4 billion in overpayments for fiscal year 2015 alone. For recipients, an overpayment can result in subsequent reduction or disruption in payments due to penalty or sanction. In order to reduce improper payments, SSA aimed to encourage more accurate and timely reporting of changes in earnings among SSI recipients.

Translate Evidence-Based Insights Prior behavioral research in similar contexts such as tax compliance and reporting sales taxes suggests the value of reminders and salient information in spurring behavior. This study tested whether a behaviorally-informed reminder letter encourages SSI recipients to report any changes to their earnings in a more accurate and timely manner, compared to the current practice of no reminder letters. In this study, four variations of a reminder letter were tested: 1) a basic letter with simple language about the need to report any information about earnings that might affect SSI payment amounts; 2) a social information letter that provided individuals with information about the actions or decisions of others (“Over 200,000 Social Security Administration. Agency financial report, fiscal year 2016. Washington, DC. (2016).”); 3) a penalty salience letter that included additional language on the possible penalties from failure to report (“If you do not report your wages to us on purpose, we can stop your SSI payments.”); and 4) a combination letter which included both the social information and penalty salience behavioral components.

Embed Tests The evidence-based insights were tested in an individual-level randomized controlled trial with a sample of 50,000 SSI recipients. The SSI recipients in the study sample were between 18 and 50 years of age, had no earnings at the time of sampling, and were deemed by SSA as more likely to experience changes in their earnings. These individuals were randomly assigned to be sent one of the four types of reminder letters or no letter (the control group), with 10,000 people in each group. The letters sent to the social information, penalty salience, and combination letter groups were identical to that for the basic letter group, except for the additional behaviorally informed language. All letters were mailed to the randomly assigned recipients on April 15, 2015.

Analyze Using Existing Data Administrative data from the Supplemental Security Record (SSR) was used to track whether an SSI recipient reported any earnings, and the dollar amount of countable income reported between January and December 2015. SSI recipients are able to report changes in earnings both prospectively and retroactively, and so the study measured the impact of the reminder letters on reporting behavior at multiple points in time, up until the end of the 2015 calendar year (i.e., eight months post-intervention).

4 Across a variety of domains, individuals have been shown to gravitate towards taking the same behavior that they observe others take. See Hallsworth et al (2017) for an example in the area of tax compliance.
5 SSA disregards the first $20 of unearned income, the first $65 of earned income, and half of any additional earned income. “Countable income” accounts for these disregards.
6 This project was designed and fielded before OES formalized...
Results Three months after the letters were mailed (July 2015), 1.30 percent of SSI recipients who were sent any of the four reminder letters reported earnings for the previous three months (May to July 2015), in comparison to 0.97 percent among those who were not sent a letter (control group). This represents a 0.34-percentage point increase ($p<0.01, 95\% CI [0.105, 0.575]) in earnings reporting over the control group mean, after adjustment for several individual characteristics. The increase is equivalent to 132 additional SSI recipients reporting any earnings.

The amount of countable income reported in July 2015 also increased due to the reminder letters: On average being sent a letter increases countable income reported by $4.89 ($p<0.01, 95\% CI [$1.45,$8.32]) over the $8.88 reported by the control group for the previous three months (May to July 2015). The letters had a larger effect on the amount of countable income reported for the four months prior to the intervention (January to April 2015); on average being sent a letter increased countable income reported for the early period by $5.87 ($p<0.01, 95\% CI [$2.61,$9.13]) over the $5.42 reported by the control group.

The treatment and control groups report at about the same rate after the first three months following the intervention, and the effect size remains the same (though loses precision). Eight months after the letters were mailed (December 2015), 3.38 percent of those sent any of the letters reported earnings for the previous twelve months (January to December 2015), in comparison to 3.06 percent among those in the control group. This represents a 0.34-percentage point increase ($p<0.10, 95\% CI [-0.052, 0.732]) in earnings reporting, after adjustment for several individual characteristics. The results imply that some control group individuals eventually reported their earnings by the end of the calendar year, and some treatment group individuals reported that otherwise never would have reported.

Build Evidence The results demonstrate that reminding SSI recipients with a letter significantly increases the timeliness of reporting changes in earnings, regardless of the language included. Each letter cost SSA $0.57 to mail. Based on the $4.89 increase in countable income reported as it was earned in May to July, a cost-benefit analysis suggests that the letters generated a reduction in overpayments of approximately $5.91 per $1 spent by SSA. SSA and OES are developing future projects based on these findings, with an aim to improve the target efficiency of the letter, or the letter content.


The basic arithmetic is: ($4.89 * 0.69) / $0.57 = $5.91. The calculation was imputed using SSA’s estimate that 69\% of overpayments are never recovered, rather than based on verified overpayments recovered by SSA as a result of the self-reporting. Therefore, the actual cost savings may differ.