**Costs of Social Security Disability Insurance, Concerns of the Viability of the**

**SSDI Fund and Potential SSDI Abuse**

by

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**Abstract**

Prior to the 2007 recession, and continuing through 2015, significant increases in the number of individuals applying for Social Security Disability Insurance (DI) occurred, and the pace has only begun to slow over the past 5 years. Between 2001 and 2015, the number of applicants increased by more than 60 percent. This significant increase in applicants has translated into a significant increase in those awarded benefits, and the impact on the Social Security Disability Insurance Trust Fund (the Fund) is devastating. Although the Fund has experienced years of increases and decreases since its inception in 1956, no change before 2009 is as significant as the impact seen that year when the Fund’s disbursements exceeded its receipts by $12,223 million. In hindsight, the 2009 change is almost dwarfed by the deficit in 2013 when the disbursements were $32,221 million more than receipts. Drastic measures taken in 2015 by Congress to shift funds during 2016-2018 from the OASI (Old Age and Survivors Insurance) to the Fund represent a short-term “fix” to the Fund balance, and of course, this is at the expense of the OASI Trust Fund which is also in jeopardy of bankruptcy. In spite of this temporary re-allocation, the Fund could very well be bankrupt by as early as 2023. With this in mind, this paper focuses on the DI Program, including the establishment of the program; the process of qualifying for benefits; receipts by, and payments from, the Fund; suspicion of fraud; as well as steps taken to detect and prevent mismanagement of the Fund.

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**Introduction**

Causes are debatable for the increase in the number of individuals covered by Social Security Disability Insurance (DI), especially focusing on the period from 2007–2012 during which the number of recipients increased by 26.23% (https://www.socialsecurity.gov/policy/docs/statcomps/di\_asr/2015/). Although the number has leveled off from 2012-2015, the state of the Social Security Disability Insurance Trust Fund (the Fund) is still facing financial disaster, and on this topic, most will agree. Although the Fund has experienced years of increases and decreases since its inception in 1956, no change before 2009 is as significant as the impact seen that year when the Fund’s disbursements exceeded its receipts by $12,223 million. In hindsight, the 2009 change is almost dwarfed by the deficit in 2013 when the disbursements were $32,221 million more than receipts. Prior to 2009, the single largest shortfall was $3,361 million in 1993, just before the legislature reallocated a larger portion of the OASI (Old Age Security Insurance) taxes to the Fund to increase its Receipts. The single largest increase in the Fund balance was $22,534 million in 2001, when as history has shown, the overall economy was inflated.

This paper focuses on the DI Program, including the establishment of the program; the process of qualifying for benefits—both regular and fast track; receipts by, and payments from, the Fund; modifications to funding the DI Program; citations regarding frauds perpetrated on the Fund; procedures developed for the detection of fraud as well as the steps that are taken to prevent mismanagement in the future.

**Background**

**Old-Age, Survivors and Disability Insurance**

Before the Social Security System (SSS), individuals provided for their own well-being after retirement. Families took care of their aged parents, and if a family member became disabled, often they were cared for by family members until they recovered. After recovery, they returned to work, either in the same occupation or perhaps, because of limitations caused by the disability, they changed occupations to accommodate their disability and once again earn a living. If returning to the workforce was not an option, the burden fell to the families, friends, or government assistance programs to help with long-term care.

The Social Security Act was passed in 1935 and is commonly referred to as FICA (the Federal Insurance Contributions Act). Two decades later in 1956, an Amendment passed which provided for the Social Security Disability Insurance Program, and in turn the Disability Insurance Trust Fund was created. The Fund became effective on January 1, 1957, and it is funded by taxes collected via FICA and the Self-Employment Contributions Act. A portion of collections received under FICA are used to pay monthly benefits to disabled-worker beneficiaries and their spouses and children (Actuary, 2009). This system has evolved over the years and is currently referred to as the Old-Age, Survivors and Disability Insurance (OASDI) program.

DI is a component of the OASDI, not to be confused with another entitlement program known as Supplemental Security Income (SSI), which is not included under the OASDI umbrella. The main difference between DI and SSI is that DI is paid based on wage earners who become disabled, retire or die, while SSI is paid by the government from general tax revenue to non-worker indigents who are aged, blind or disabled. Although funding issues and potential frauds have proven to be present in both programs, this paper will focus only on the DI program (Audit, 2014).

**Qualifying for Disability Insurance Benefits**

**DI Definition and Application**

The DI program defines disability as the “inability to engage in substantial, gainful activity by reason of any medically determinable physical or mental impairment(s) which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.” The recipient must also fall below a specific earnings level, which as of 2013, is just over $1000 per month. This earnings level affects both entry into, and continuation in, the program (Social Security Administration, 2014). In order to qualify for benefits, individuals must have earned 40 work credits (covered quarters), and 20 of the credits must have been earned in the last 10 years. Younger individuals have a reduced credit requirement.

Individuals apply for benefits at the local Social Security field office. The field office reviews applications for nonmedical eligibility requirements such as age, employment, marital status, and Social Security coverage and issues a “technical denial” (no further review) or forwards the application to the state Disability Determination Services (DDS) office.

**Normal Claims Processing or Fast Track**

Once at the DDS, the application is assigned to a disability examiner who evaluates the applicant’s own sources of medical and other information and renders the initial determination. If there is not enough evidence for that determination, the DDS will arrange for a consultative examination. In cases where it is clear to the disability examiner that the applicant has a severe disability, is blind or terminally ill and is likely to receive a favorable DI determination, Fast Track (FT) procedures are used to continue processing the application. FT procedures were developed to deal with the large population of Baby Boomer’s to give a quick determination of the application for DI benefits. Under the FT guidelines, the examiner follows a five-step sequential evaluation process to determine eligibility including (Rajnes, 2012):

1) a work test;

2) an impairment severity test;

3) a medical listing test;

4) a test for the ability to perform previous work; and

5) a test for the ability to perform any type of work

**DI Application Approved or Denied and Subject to Appeal**

If the DDS finds that the applicant is disabled, the SSA computes the benefit amount and begins to pay benefits. If there is an unfavorable determination, the order of appeals is: 1) reconsideration by the DDS, 2) a hearing in front of a federal administrative law judge (ALJ) in SSA’s Office of Disability Adjudication and Review, 3) a request that the Appeals Council review the ALJ’s decision, and finally, 4) an appeal to the federal court system (Rajnes, 2012). The timing during the appeals process gives applicants 60 days to file their initial appeal. If denied again by the original DDS office, the applicant has 60 additional days to appeal to an ALJ (Maestas, Mullen, & Strand, 2012). The Maestas study found that almost two-thirds of the applicants in their sample ultimately received benefits within six years of their initial determination.

To more efficiently process DI applications, the DDS began shifting to a fully electronic system in 2004, and by 2008, all DI claims are processed electronically via folders. This system has made it possible for field offices and other case-processing agencies to share information more quickly, flag cases as information becomes available, and be used as a predictive model for identifying claims that are likely to receive approval. This electronic modeling system is now widely used by the DDS and has resulted in expedited determination of DI benefits and claims processing (Rajnes, 2012).

**Link Between Unemployment Rates and DI Applications**

From early 2007 to late 2009, the U.S. unemployment rate rose from 4.4% to 10% before retreating to about 7.6% in July 2013 and on down to 4.9% in October, 2016. Likewise, during 2007 to 2011, the number of DI applications increased 34% per a report from the OIG (oig.ssa.gov, 2014), and those approved for DI benefits during that same period increased by 23.1%. In reference to these increases, Inspector General O’Carroll, Senators Tom Coburn and Orrin Hatch wrote, “Given the looming collapse of [Social Security] DI, it is imperative that disability claims are properly examined to ensure that only those who are lawfully entitled to benefits receive them.” (oig.ssa.gov, p.2). They also proclaimed that exploiting the DI system and transforming it into a supplemental source of unemployment income could not be allowed.

In response to political pressure, an audit was undertaken focusing on 10 states with the highest percentage increases in unemployment from 2007-2011: Alabama, Arizona, California, Colorado, Florida, Hawaii, Idaho, Nevada, North Carolina, and Utah. DI claims were reviewed from applicants who indicated they had previously worked, thus indicating that they may have lost their job due to the recession. Findings showed that there was an increase in the average number of disability applications of 32%, compared with a nationwide increase of 27%. When investigated further, it was determined that two of the states, Alabama and Colorado, had nominal increases in allowed DI claims, and the other eight states’ rate of allowed claims actually declined by 1% (oig.ssa.gov).

The focus of the OIG appears to be on the rate of approval of claims during the recessionary period 2007-2011 compared with non-recessionary times. Perhaps the more serious issue to bring into question should be whether there really is an increase of 32%, or even 27%, in the number of disabled, former workers. During the recession recovery period beginning in 2011, as the unemployment rate decreased during 2011 through 2015, the number approved for DI benefits increased by only 2.36%, demonstrating once again, a direct link between the change in unemployment rates and the change in DI benefit recipients.

In spite of the 2007-2011 increase in DI applications, it was determined that applicants waited longer than normal after stopping work to file an application. This delay most likely was caused by extensions to unemployment insurance benefits. To investigate that train of reasoning, a study was conducted by the White House (2011) which confirms this and also finds that unemployed persons aged 50 – 65, without access to at least $5,000, were much more likely to apply for DI as their unemployment benefits were about to expire. This argument is further supported by Lindner’s (2016) findings that as individuals receive higher unemployment insurance benefits, the number of DI applications is lower.

**Costs to Provide Disability Insurance Benefits**

In 1989 the SSA said that 39 million beneficiaries received benefits financed by 132 million workers, their employers, and those who are self-employed. That year the Fund had income exceeding payments by about $45 billion (Hardy, 1989). Projections in 1989 for the next 20+ years are presented in Table 1. It is interesting to review these projections from the vantage point of 2017 to see how overly optimistic the SSA was and how apparently, no consideration was given to the possibility of any potential downturn in the economy…which was exactly what occurred in the mid-2000’s.

**Table 1**

**1989 SSA Estimates for the SS Fund**

|  |  |  |  |
| --- | --- | --- | --- |
| **DECADE** | **INCOME** | **OUTGO** | **RESERVE** |
| 1990 | $310 billion | $252 billion | $212 billion |
| 2000 | $632 billion | $447 billion | $1.4 trillion |
| 2010 | $1.2 trillion | $826 billion | $4.5 trillion |

SSA, 1989

During the 2012 and 2016 elections, politicians debated about whether the United States can fulfill promises made to the American people to provide benefits under the Federal Insurance Contributions Act. Citizens argued that the government cannot afford to pay the benefits promised to them from the insurance premiums they were forced to pay all their working careers. These benefits are now described as entitlements and the FICA payments referred to as taxes.

As shown in Table 2, based on 2015 data, the DI Fund is primed to fall into a deficit situation in the next few years, and when excluding interest, the first year of a deficit was 2010. When including interest, the outgo has exceeded income in several years, the largest of which is 2009, when the Fund’s disbursements were $12,223 million more than its receipts. As concerning as this is, the DI Fund is not the only government-run system that is facing this fate. Per the SSA, all the Social Security Administration funds are projected to follow DI by the year 2035.

**Table 2**

**Key Dates for the Trust Funds**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **OASI** | **Disability** | **OASDI** | **Hospital Ins.** |
| First year outgo exceeds income excluding interesta | 2010 | 2019 | 2010 | 2015 |
| First year outgo exceeds income including interesta | 2022 | 2019 | 2020 | 2021 |
| Year trust funds are exhausted | 2035 | 2023 | 2034 | 2028 |

aDates indicate the first year that this condition is projected to occur

<http://www.ssa.gov/oact/TRSUM/index.html>

As noted earlier, the Social Security Act, currently referred to as FICA, was amended in 1956 to create the Disability Insurance (DI) Trust Fund¸ so the first year of reporting for the Fund was 1957, and the most recent full year of data available is 2015. A summary of the Disability Insurance Trust Fund summarized by decade is presented in Table 3. The rates of withholding for FICA increased periodically from the inception of the program until 2000, when the rate became fixed at 6.2%. Likewise, the portion of the 6.2% that was deposited into the DI Fund varied, reaching a high of .94% from 1994-1996, but was then reduced to a fixed .9% since 2000 (H.R. 4277, 1994). The Bipartisan Budget Act of 2015 was passed and allows for an additional .285% to be reallocated from the OASI Fund to the DI Fund from 2016 - 2018. Accordingly, a total of 1.185% of the 6.2% will be deposited into the DI Fund during those years (H.R. 1314, 2015). The salary on which the FICA tax is based has increased often since its inception, but in recent years it has remained unchanged. To make up for lost withholdings, a major increase was made in 2017 to $127,200 from a base of $118,500 in 2016. In addition, Medicare tax remained at 1.45% on the first $200,000, but increases to 2.35% on earnings above $200,000 (GAO, 2017). So, even though short-term in nature, there have been actions taken by the federal government to keep the Trust Funds operating; however, more permanent fixes are desperately needed.

Focusing strictly on the DI Fund, Table 3 clearly indicates by the Net Change column each decade where Receipts have exceeded Disbursements. Increases in the Asset Balance occurs until the decade ”2010’s” when there was a significant increase in Disbursements relative to Receipts. To investigate this in more detail, Table 4 was prepared on a year-by-year basis for the years 2007–2015. This period includes the first full year of the most recent recession through the most recent full year on record with the GAO. Table 4 includes the period mentioned earlier when the rate of DI applications increased by up to 32% in some states and 27% over all states, but does not include the impact of the Bipartisan Budget Act of 2015.

**Table 3**

**Disability Insurance Trust Fund by Decade (millions)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Decade** | **Receipts** | **Disbursements** | **Net Change** | **Asset Balance** |
| 1950’s\* | $2,630 | $805 | $1,825 | $1,825 |
| 1960’s | 18,615 | 16,340 | 2,275 | 4,100 |
| 1970’s | 84,960 | 83,430 | 1,530 | 5,630 |
| 1980’s | 198,192 | 195,917 | 2,275 | 7,905 |
| 1990’s | 487,556 | 398,140 | 89,416 | 97,321 |
| 2000’s | 957,691 | 851,472 | 106,229 | 203,550 |
| 2010’s\*\* | 664,089 | 835,382 | -171,290 | 32,259 |

\*1950’s includes 1957-1959

\*\*2010’s includes 2010-2015

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As shown in Table 4, Disbursements that are greater than Receipts began in 2009, and increased each year until 2013, with the cumulative impact taking the Asset Balance of the DI Fund from $203,550 million down to $90,445 million. This appears to be due to the impact of two major events: (1) the lingering recession in which unemployment benefits ran out for many former workers and (2) the implementation of electronic claims processing as well as DI benefit modeling by the DDS. The loss of unemployment benefits in a lingering recession and a potential link of that loss of benefits to DI fraud will be discussed in the next section of this paper.

**Table 4**

**Disability Insurance Trust Fund 2007-2015 (millions)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Receipts** | **Disbursements** | **Net Change** | **Asset Balance** |
| 2007 | $109,854 | $98,778 | $11,076 | $214,884 |
| 2008 | 109,840 | 108,951 | 889 | 215,773 |
| 2009 | 109,283 | 121,506 | -12,223 | 203,550 |
| 2010 | 104,017 | 127,660 | -23,643 | 179,907 |
| 2011 | 106,276 | 132,333 | -26,057 | 153,850 |
| 2012 | 109,115 | 140,299 | -31,184 | 122,666 |
| 2013 | 111,228 | 143,450 | -32,221 | 90,445 |
| 2014 | 114,858 | 145,060 | -30,201 | 60,244 |
| 2015 | 118,595 | 146,581 | -27,985 | 32,259 |

(link href=”/framework/css/noscript.css”rel=”stylesheet”media=”all=/) at January 2014.

Per Table 4, the Fund Disbursements increased 10% from 2007 to 2008 and another 12% from 2008 to 2009. These increases would have been difficult enough for the Fund to absorb with no other concerns, but because of the extended recessionary period in which there were fewer workers paying FICA tax, the Fund Receipts decreased at the same time. This compound effect on the Fund is devastating, causing the Asset Balance to drop by 85% in just 9 years from 2007 to 2015. Although 2013 shows a slight upturn in Receipts, the increase in Disbursements is substantially greater, causing the largest single year deficit, $32,221 million, to date. Despite the 2016 increase of .285% of FICA tax going to the DI Fund, this Fund is still in a state of financial distress.

To gage the benefit of the .285% increase in DI receipts from the current .9%, using 2015 as a surrogate for 2016 receipts, if $118,595 million represents a .9% contribution, then a 1.185% contribution is represented by $156,150 million…the difference of which would build the Asset Balance by $37,555 million, to $69,814 to carryforward to the next year. With an assumption of a similar positive impact for each of the other two years in the 2016-2018 period, this should buy some time in keeping the DI Fund solvent, but if the current administration does not reach a long-term solution to this problem, the country will be continually plugging holes in the dike until temporary fixes will no longer work.

**Suspicion of Fraud in The Disability Insurance Program**

Perhaps some people, such as auditors and fraud examiners, are naturally more suspicious because of their professional training, while others may become suspicious when what they see happening around them is not in agreement with what they are told by their government. For example, have you ever personally known a person who is receiving DI benefits, but when you observe that person’s behavior, they do not truly seem to be disabled? Do you think your impressions are an anomaly? One of the authors put this scenario to the test. She conducted an unscientific survey recently by asking friends, students, and acquaintances about this, and thus, confirming her opinion that it is a hot topic. Everyone has an opinion—more negative than positive. A point of common agreement is that those who truly deserve DI benefits should receive them. Beyond that, feedback ranged from distrust with the way the current system is managed to outright anger that individuals who were “fully able to work like the rest of us,” were living off DI benefits, costing taxpayers, and committing fraud while doing so.

**Lawyers Specializing in Disability Insurance Claims**

It is an everyday thing that when watching TV and it’s time for a commercial, there is an advertisement by an attorney or a law firm who claims to specialize in Social Security Disability law. A bi-line from just such an ad by a law firm in the local viewing area of one of the authors is, “Social Security Disability—it’s what we do, and all we do.” Another law firm who claims to only deal with DI cases cites credentials such as being a “Registered Nurse and an Attorney—let us help you.” One does not have to listen too long to hear similar examples in other television viewing areas. One thing is a certainty, if attorneys were not earning sufficient profits to make their practices worthwhile by dealing solely in DI cases, they would change their specialty.

**60 Minutes Show on October 6, 2013**

In October of 2013, 60 Minutes, a popular television news show, reported concerns about suspected and alleged abuses of the Social Security DI program. The broadcast reported a 20 percent increase in beneficiaries over the 2008-2013 period and referred to it as a “secret welfare system” (Kroft, 2013). The show also questioned the involvement of attorneys to obtain disability payments, and quoted Marilyn Zahm, “In 1971, fewer than 20 percent of claimants were represented. Now, over 80 percent of claimants are represented by attorneys or representatives.”

Additionally, a suspected scam was described where an attorney and doctors worked together to qualify clients for disability payments. Specialists who were well-versed in the DI approval process were hired to “coach” their clients on how to respond to tests and questions during the qualification process. The Social Security Administration was quoted as responding that “the explosive surge is due to gaining Baby Boomers and lingering effects of a bad economy.” This lends support to the rationale in this paper.

**NYC Public Workers**

Television, as well as electronic and print news, reported in early 2014, that New York City police officers, firefighters and prison guards were charged with faking psychiatric and other medical problems to get DI benefits. Workers were coached on how to describe symptoms that allowed them to get payouts as high as $500,000. The ringleaders made tens of thousands of dollars in kickbacks. Those arrested included 72 city police officers, eight firefighters, and five corrections officers. The scam was reported to have started more than twenty years ago. According to reports, many of those involved did have disabilities that entitled them to state disability pensions, but not DI. Over 100 defendants were charged with crimes including grand larceny (CBS/AP, 2014). The lawyer who led the scheme agreed to pay $2 million in restitution and fines and pled guilty to conspiracy. He received a reduced sentence in exchange for assisting federal investigators with locating others participating in the fraud (McKinley, 2015).

**Defense of the SSA Regarding Disability Insurance**

Not everyone believes that fraud is to blame for the state of the Fund. Economist Dean Baker challenges these claims of rampant fraud saying, “Close to three quarters of applicants are turned down initially and even after appeal 70 percent of applicants are denied benefits” (Baker, 2013). Further, the Consortium for Citizens with Disabilities wrote a letter to CBS (Hart, 2013):

“The Social Security disability standard is incredibly strict, and just four in 10 applicants are awarded benefits. Award rates have further declined during the recent economic downturn. Demonstrating eligibility requires extensive medical evidence, and even people with life-threatening illnesses can wait months if not years to receive benefits. Many individuals are denied despite significant disabilities and chronic illnesses.”

According to a 2012 study by University of Michigan researchers, the Social Security Disability Insurance (SSDI) case load has tripled over the past twenty years while the employment rate of disabled workers has decreased by 50 percent (Maestas, Mullen, & Strand, 2012). During this same time frame, life expectancy increased (Christensen, Doblhammer, Rau, & Vaupel, 2009), the working-age populations’ health remained constant (Burkhouser & Daly, 2011) , and physical demands of jobs has decreased (Autor & Duggan, 2003).

**Deterrents to Fraud**

**Detection**

In their January, 2014, Audit Report Summary, the Office of the Inspector General (OIG) found that there were approximately 2,747 Social Security Administration (SSA) beneficiaries who were paid amounts in excess of what Federal limits indicate they should have been paid. These findings were reported to the SSA on September 27, 2013. Included were 152 concurrent beneficiaries who were previously reported to the SSA as having been overpaid. The SSA reported that they had taken care of the errors in 2011; however, the overpayments continue to be made through the date of this citation in September, 2013. Although this is a single month’s audit report, it is an example of a broken system. An audit system is in place as it should be. Formal audits are conducted and reported, but many of the problems are not fixed, so taxpayer monies are wasted.

The United States Government Accountability Office (2015) discovered that from 2005 to 2014, DI recipients had been overpaid by $11 billion. Of those overpaid, some had obtained employment and were receiving earnings in excess of program limits. Though many recipients are responsible for reimbursing those funds, it was determined that $1.4 billion of the overpayments to those who had gainful employment would not be repaid because the beneficiaries were not at fault. In part, the overpayments were due to internal control weaknesses.

**Prevention**

Sec. 1632. [42 U.S.C. 1383a] of the SSA sets forth Penalties for Fraud against the Social Security System. In essence, if anyone “knowingly and willfully” provides, or causes to be provided, false information of a material fact to the SSA in order to receive benefits, they are to be fined under title 18, United States Code, imprisoned not more than 5 years, or both. In addition, anyone convicted of this violation may not be certified as a representative payee under section 1631(a)(2), meaning that they cannot be designated to be paid SS benefits on behalf of anyone else.

Perhaps a new tool should be made available to SSA auditors under the authority of the OIG—the “electronic modeling system” used by the DDS to determine DI applicants who are likely to be approved for benefits. Auditors should be allowed to audit inside the electronic system. With the plethora of personal information there, an opportunity exists for identity theft and any number of violations of privacy or misuse of the information. It is also clear that by placing the modeling criteria within reach of those interested in perpetrating a fraud, the level of risk increases significantly.

**Summary and Conclusions**

As previously noted, there have been significant increases in the number of individuals applying for DI benefits, especially during 2007-2012, thus leading to the 2009 impact of having disbursements from the DI Fund that were $12,223 million in excess of receipts. As a matter of fact, the 2007 Fund receipts were $109,854 million compared with disbursements of $98,778 million, and in comparison, the 2012 Fund receipts were almost the same as 2007 with $109,115 million while the disbursements in 2012 rose by 42% to $140,299 million.

To address this shortfall, Congress passed the Bipartisan Budget Act of 2015, allowing for an additional .285% to be reallocated from the OASI Fund to the DI Fund for 2016-2018 (H.R. 1314, 2015). While this band aid approach postpones the bankruptcy of the DI Fund, it escalates the potential demise of the OASI Fund. One move in the direction of shoring up the OASI Fund is the increase of the earnings base on which FICA tax is paid from $118,500 in 2016 to $127,200 in 2017; but if additional drastic, permanent measures are not taken very soon, both the Funds could very well be bankrupt within the next few years.

Causes for the current state of the Fund include such things as the downturn in the economy preceding an increase in the number of DI applications by 34% during 2007-2011; the unveiling of the FT procedures to deal with the expected increase in applications from Baby Boomers; declining receipts by the Fund caused by the high number of unemployed workers as well as the FICA tax base not increasing in past years as had been planned, and as shown in this research, the potential for frauds being perpetrated on the DI system.

Although there are provisions for audits by the OIG of the SSA programs, proof exists that many of the frauds, and errors in payments through the SSA system that are uncovered by these audits, are not corrected. In addition, the tools in place for prevention of frauds and assessment of penalties have not been shown to be effective deterrents. Perhaps it might help for auditors to begin auditing through the FT system for potential fraud rather than waiting until later in the process. One thing is certain; doing nothing new will lead the U.S. to a bankrupt DI Fund.

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