

COMPUTER MATCHING AGREEMENT

BETWEEN

**THE DEPARTMENT OF THE TREASURY/
THE INTERNAL REVENUE SERVICE**

AND

THE SOCIAL SECURITY ADMINISTRATION

**FOR THE DISCLOSURE OF INFORMATION
TO FEDERAL, STATE AND LOCAL AGENCIES (DIFSLA)**

SSA Match #1016

Begins: July 1, 2018

Expires: December 31, 2019

I. PURPOSE AND LEGAL AUTHORITY

A. Purpose

This agreement sets forth the terms and conditions under which the Internal Revenue Service (IRS) agrees under the authority of 26 U.S.C § 6103(1)(7) to disclose to the Social Security Administration (SSA) certain return information for use in verifying eligibility for, and the correct amount of, benefits provided under Title XVI of the Social Security Act (Act) to qualified aged, blind, and disabled individuals; and federally-administered supplementary payments as described in section 1616(a) of the Act (including payments pursuant to an agreement entered into under section 212(a) of Public Law (Pub. L.) 93-66 (87 Stat. 152)). 42 U.S.C. § 1382 note.

B. Legal Authority

This matching agreement between IRS and SSA is executed pursuant to the Privacy Act of 1974, (5 U.S.C. § 552a), as amended by the Computer Matching and Privacy Protection Act of 1988, and otherwise; and the Office of Management and Budget (OMB) Final Guidance interpreting those Acts.

Pub. L. 98-369, Deficit Reduction Act of 1984, requires agencies administering certain federally-assisted benefit programs to use certain information to ensure proper distribution of benefit payments (98 Stat. 494).

Section 6103(1)(7) of the Internal Revenue Code (IRC) (26 U.S.C. § 6103(1)(7)) authorizes IRS to disclose return information with respect to unearned income to Federal,

State and local agencies administering certain federally-assisted benefit programs under the Act.

Section 1631(e)(1)(B) of the Act (42 U.S.C. § 1383(e)(1)(B)) requires verification of Supplemental Security Income (SSI) eligibility and benefit amounts with independent or collateral sources. This section of the Act provides that the “Commissioner of Social Security shall, as may be necessary, request and utilize information available pursuant to section 6103(l)(7) of the Internal Revenue Code of 1986” for purposes of federally-administered supplementary payments of the type described in section 1616(a) of the Act (including payments pursuant to an agreement entered into under section 212(a) of Pub. L. 93-66).

The legal authority for the disclosure of SSA data under this agreement is section 1106 of the Act (42 U.S.C. § 1306), section (b)(3) of the Privacy Act (5 U.S.C. § 552a(b)(3)), and the regulations and guidance promulgated under these provisions.

II. JUSTIFICATION AND ANTICIPATED RESULTS

A. Justification

Computer matching is the most feasible method of access due to the volume of requests for return information, the volume of responses, and the method in which information documents are maintained.

B. Anticipated Results

IRS does not derive any benefit, direct or indirect, from this matching program, nor does IRS incur any unreimbursed costs associated with Disclosure of Information to Federal, State and Local Agencies (DIFSLA).

SSA expects to recover SSI overpayments and to correct ongoing monthly payments, for a total SSI benefit of \$64.4 million, based on fiscal year (FY) 2016 figures. The FY 2016 cost for this match was 10.1 million. The Benefit-to-Cost ratio is 6.37 to 1. See Attachment A: SSA Cost Benefit Analysis, SSA Match #1016.

III. RECORDS DESCRIPTION

A. System of Records

1. SSA will provide IRS with identifying information (described in D.1. of this section) with respect to applicants for and recipients of Title XVI benefits as described in section I.B. of this agreement from the Supplemental Security Income Record and Special Veterans Benefit (SSR), 60-0103, last fully published at 71 Fed. Reg. 1795 (January 11, 2006) and amended at 72 Fed. Reg. 69723 (December 10, 2007).

2. SSA will disclose certain information to IRS for aged, blind, or disabled individuals who are applicants for, or recipients of, SSI benefits or federally-administered State supplementary payments, or both. IRS will match SSA's information with its Information Return Master File (IRMF) and disclose to SSA return information with respect to unearned income of applicants or recipients identified by SSA. The information IRS discloses to SSA is limited to unearned income reported on information returns.
3. IRS will extract return information with respect to unearned income from the IRMF, [Treasury/IRS 22.061], as published at 80 Fed. Reg. 54081-082 (September 8, 2015), through the DIFSLA program.

B. Routine Use Publication

SSA's routine use for disclosures to IRS for this match is published at 71 Fed. Reg. 1830 (January 11, 2006).

C. Number of Records

1. In FY 2016, SSA submitted about 20 million finder file records to IRS. SSA will notify IRS if there is any substantial change in the estimate.
2. IRS will provide a response record for each individual identified by SSA. The total number of records will be equal to or greater than the number of records submitted by SSA. In some instances, an individual may have more than one record on file.

D. Specified Data Elements

1. SSA will furnish IRS with the Social Security number (SSN) and Name Control (first four characters of the surname) for each individual for whom unearned income information is being requested in accordance with the current IRS Publication 3373, *DIFSLA Handbook: Disclosure of Information to Federal, State and Local Agencies*.
2. When there is a match of an individual identifier, IRS will disclose to SSA the following:
 - a. Payee Account Number,
 - b. Payee Name and Mailing Address,
 - c. Payee Taxpayer Identification Number (TIN),
 - d. Payer Name and Address,
 - e. Payer TIN, and
 - f. Income Type and Amount.

E. Starting and Completion Dates

The disclosure program will be conducted monthly beginning July 1, 2018, through December 31, 2019, in accordance with schedules published in the current revision of IRS Publication 3373, *DIFSLA Handbook: Disclosure of Information to Federal, State and Local Agencies*.

IV. NOTICE PROCEDURES

- A. SSA will publish notice of the matching program in the Federal Register as required by the Privacy Act (5 U.S.C. § 552a(e)(12)).
- B. SSA will provide direct notice, in writing, 1) to all applicants at the time of application, and 2) to all current recipients periodically, that their records will be matched against those of other agencies to verify their eligibility or payment amount.

V. VERIFICATION PROCEDURES

A. Verification of Match Information

SSA will take appropriate steps to independently verify all unearned income information received from IRS to determine the validity or applicability of the information obtained through this matching program prior to the termination, denial, suspension, or reduction of any benefits. SSA will verify information as set forth in subsection B of this section. 5 U.S.C. § 552a(p).

B. Notice and Opportunity to Contest

1. Where adverse information is present SSA will notify the applicant or recipient¹, and provide an opportunity to explain the circumstances prior to making a final eligibility determination or adjustment to current benefits.
2. Under applicable SSI regulations (20 C.F.R. § 416.1336), 10 days prior to taking any adverse action, SSA will notify the applicant or recipient, in writing, of the proposed adverse action. The notice will contain the following information:
 - (a) that SSA has received information which indicates that the proposed adverse action is necessary; and
 - (b) that the individual has 10 days to contest the proposed adverse action or SSA will conclude that the information upon which that decision is based is correct and will make necessary payment adjustments.

¹ References to an eligible applicant or recipient include the individual's representative payee, where applicable.

VI. DISPOSITION OF MATCHED ITEMS

A. SSA will:

1. Not create a separate file or system of records consisting of information concerning only those individuals who are involved in this specific matching program except as is necessary in controlling or verifying, or both the information for purposes of this program; and
2. Destroy the matching file generated through this matching operation as soon as the information has served the matching program's purpose and all legal retention requirements established in conjunction with the National Archives and Records Administration (NARA) under applicable procedures have been met.

B. IRS will:

1. Maintain all identifiable records received from SSA in accordance with Internal Revenue Manual (IRM) 1.16.8, Emergency Planning and Incident Report, and 25.10.1 Information Technology (IT) Security Policy and Standards. These IRM sections are available at www.irs.gov.
2. The Input/Tickler file will be destroyed when no longer needed for business use. After that time, the file(s) will be electronically erased. This file is the only identifiable record IRS uses in the course of the matching program. The IRS does not use information SSA provides for any purpose other than this matching program.

VII. SAFEGUARD PROCEDURES

SSA and IRS will comply with the requirements of the Federal Information Security Management Act (FISMA), 44 U.S.C. Chapter 35, Subchapter II, as amended by the Federal Information Security Modernization Act of 2014 (Pub. L. 113-283); related Office of Management and Budget (OMB) circulars and memoranda, such as Circular A-130, Managing Federal Information as a Strategic Resource (July 28, 2016); National Institute of Standards and Technology (NIST) directives; and the Federal Acquisition Regulations, including any applicable amendments published after the effective date of this agreement. These laws, directives, and regulations include requirements for safeguarding Federal information systems and Personally Identifiable Information (PII) used in Federal agency business processes, as well as related reporting requirements. Both agencies recognize, and will implement, the laws, regulations, NIST standards, and OMB directives including those published subsequent to the effective date of this agreement.

FISMA requirements apply to all Federal contractors, organizations, or entities that possess or use Federal information, or that operate, use, or have access to Federal information systems on behalf of an agency. Both agencies are responsible for oversight and compliance of their contractors and agents.

A. Incident Reporting

If either SSA or IRS experiences an incident involving the loss or breach of PII provided by SSA or IRS under the terms of this agreement, they will follow the incident reporting guidelines issued by OMB. In the event of a reportable incident under OMB guidance involving PII, the agency experiencing the incident is responsible for following its established procedures, including notification to the proper organizations (e.g., United States Computer Emergency Readiness Team, the agency's privacy office). In addition, the agency experiencing the incident (e.g., electronic or paper) will notify the other agency's Systems Security Contact named in this agreement. If IRS is unable to speak with the SSA Systems Security Contact within one hour or if for some other reason notifying the SSA Systems Security Contact is not practicable (e.g., it is outside of the normal business hours), IRS will call SSA's National Network Service Center toll free at 1-877-697-4889. If SSA is unable to speak with IRS Systems Security Contact within one hour, SSA will contact Computer Security Incident Response Center (CSIRC) at (202) 283-4809, (202) 283-0345 (FAX) and csirc@csirc.irs.gov.

B. Breach Notification

SSA and IRS will follow PII breach notification policies and related procedures issued by OMB. If the agency that experienced the breach determines that the risk of harm requires notification to affected individuals or other remedies, that agency will carry out these remedies without cost to the other agency.

C. Administrative Safeguards

SSA and IRS will restrict access to the data matched and to any data created by the match to authorized employees and officials who need it to perform their official duties in accordance with the uses of the data authorized in this agreement. Further, SSA and IRS will advise all personnel who have access to the data matched and to any data created by the match of the confidential nature of the data, the safeguards required to protect the data, and the civil and criminal sanctions for noncompliance contained in the applicable Federal laws.

D. Physical Safeguards

SSA and IRS will store the data matched and any data created by the match in an area that is at all times physically and technologically secure from access by unauthorized persons. Only authorized personnel will transport the data matched and any data created by the match. SSA and IRS will establish appropriate safeguards for such data, as determined by a risk-based assessment of the circumstances involved.

E. Technical Safeguards

SSA and IRS will process the data matched and any data created by the match under the immediate supervision and control of authorized personnel in a manner that will protect the confidentiality of the data, so that unauthorized persons cannot retrieve any data by computer, remote terminal, or other means. Systems personnel must enter personal identification numbers when accessing data on the agencies' systems. SSA and IRS will strictly limit authorization to those electronic data areas necessary for the authorized analyst to perform his or her official duties.

F. Application of Policy and Procedures

SSA and IRS will adopt policies and procedures to ensure that each agency uses the information contained in their respective records or obtained from each other solely as provided in this agreement. SSA and IRS will comply with these guidelines and any subsequent revisions.

G. Onsite Inspection

SSA and IRS have the right to monitor the other party's compliance with FISMA and OMB requirements. Both parties have the right to make onsite inspections for auditing compliance, if necessary, for the duration or any extension of this agreement. If either party elects to complete an onsite inspection, the auditing agency will provide the other advanced written notice of any onsite inspection and the parties will set a mutually agreeable date for such inspection.

H. IRS will give SSA information the same protection as information protected by IRS systems of records under the Privacy Act of 1974, as amended.

I. IRS and SSA will

1. Comply with OMB loss reporting guidelines and safeguarding and breach requirements per OMB M-17-12 January 3, 2017). In the event of an incident involving the loss or potential loss of PII, the agency experiencing the event is responsible for following its established procedures, including notification to the proper organizations (e.g., US-CERT), conducting a breach and risk analysis, and making a determination of the need for notice or remediation, or both to individuals affected by the loss. If the agency analysis indicates that an individual notice is appropriate, the agency that had the incident will be the one to provide such notice. SSA must report incidents of suspected unauthorized inspections or disclosures of return information to the Treasury Inspector General for Tax Administration and the IRS Office of Safeguards.
2. Comply with section 3544(a)(1)(A)(ii) of FISMA, which requires agencies to ensure their computer systems are FISMA compliant. In this regard, NIST standards and guidance must be implemented and adhered to by IRS and SSA.

J. SSA will:

1. Comply with the requirements of IRC § 6103(p)(4). These requirements are defined in IRS Publication 1075 and are the standards utilized by the IRS Office of Safeguards when conducting on-site reviews. If an agency cannot meet specific requirements due to program or technology limitations, the IRS Office of Safeguards will review alternative solutions and compensating controls, both proposed and implemented, to ensure adequate compliance with IRC § 6103(p)(4) is achieved.
2. Allow IRS to conduct periodic safeguard reviews involving physical inspections of facilities where return information that SSA receives from IRS under a matching program is maintained as well as automated and manual testing of computer systems where return information that SSA receives from IRS under a matching program is maintained to ensure IRS safeguarding requirements are met and will permit the IRS access to such facilities and computer systems as needed to review SSA compliance with the IRC § 6103(p)(4) requirements.
3. At least one hundred eighty (180) days before IRS conducts a safeguard review of SSA, IRS will send a notification and request for information required for review plan development. Within thirty (30) days of receipt of the IRS request for information, SSA will provide a response and be prepared to participate in a preliminary security evaluation meeting to review the response for clarity. At least sixty (60) days before IRS conducts a safeguard review of SSA, IRS will submit a preliminary safeguard review plan, including the anticipated expenses of the review. Within thirty (30) days of receipt of the IRS preliminary safeguard review plan, SSA will notify IRS in writing of any concerns regarding the reasonableness of the review plan and anticipated expenses, and the parties will meet within five (5) business days to reach a mutual resolution.

SSA will review the preliminary plan with the understanding that subsequent facts and circumstances may require IRS to expand from the preliminary plan to meet the due diligence requirements of the review. IRS will advise SSA of any such changes to the review plan in writing at the earliest opportunity.

4. Upon receipt of a Freedom of Information Act (FOIA) request for safeguard reports required to be filed with IRS by Publication 1075, Section 7.0, SSA will consult with IRS to obtain its views on disclosure before responding to the request in accordance with the Department of Justice (DOJ) guidance. IRS will promptly provide its views on the disclosability of the contents of the records to SSA. If SSA receives a FOIA request for a document that wholly originated from IRS or any communication from IRS that describes the security procedures that protect the return information provided under this agreement, SSA will refer the request to IRS for processing.

VIII. RECORDS USAGE, DUPLICATION, AND DISCLOSURE RESTRICTIONS

A. IRS

The information provided by the SSA is not used by the IRS for any purpose other than this matching program. The IRS Office of Records & Information Management has deemed this information to be of a transitory nature, or 'transitory records', specifically 'intermediate input files' as defined in General Records Schedule 5.2, Item 010. The IRS will protect transitory records in the same manner that we protect IRS records.

B. SSA

SSA agrees to the following limitations on access to, and use and disclosure of, return information provided by IRS:

1. Officers and employees of SSA may use the return information provided by IRS only for the purposes of, and to the extent necessary in, establishing eligibility for, or the correct amount of, benefits under the SSI program identified in section I.B. of this agreement. SSA may not use the information in any manner or for any purpose not authorized under IRC § 6103(l)(7). Any secondary use is specifically prohibited and may subject offending officers and employees to the imposition of civil or criminal penalties, or both.
2. SSA shall not disclose to any person in any manner, return information received pursuant to this agreement except as necessary to determine eligibility for, or the correct amount of benefits under the SSI program identified in section I.B.
3. SSA will restrict access to return information solely to its officers and employees whose duties require access for the purposes for which the return information is disclosed to SSA.
4. Officers and employees of SSA who are entitled to access return information provided under this agreement must not access this information except to the extent necessary to achieve the purpose of the match. They must not disclose this information to any other officer or employee of SSA whose official duties do not require this information to determine eligibility for, or the correct amount of benefits under the SSI program identified in section I.B.
5. IRC § 6103(1)(7) does not authorize SSA to disclose return information in a forum open to the public, such as a judicial proceeding, nor to Native American tribal governments, nor to another federal or state agency for any purpose.
6. Officers and employees of SSA who inspect or disclose return information obtained pursuant to this agreement in a manner or for a purpose not authorized by IRC § 6103(l)(7) are subject to the criminal penalty provisions of IRC §§ 7213 and

7213A, and of 18 U.S.C. § 1030(a)(2). In addition, SSA could be required to assist DOJ in defending a civil damages action under IRC § 7431.

7. Incidents of suspected unauthorized inspections or disclosures of return information must be reported to the Treasury Inspector General for Tax Administration and the IRS Office of Safeguards within 24 hours of discovery. (For IRS Office of Safeguards, see section XIII of this agreement.)

IX. ACCURACY ASSESSMENTS

- A. IRS will initially validate all SSNs and Name Controls provided by SSA against the National Account Profile (NAP)-DM1 file prior to matching the records against the IRMF. The correctness of the return information provided to SSA is generally contingent upon the correctness of the information provided by the payer of the income.
- B. SSA estimates that at least 99 percent of the name and SSN information in the SSI data base is accurate.

X. ACCESS BY THE COMPTROLLER GENERAL

Consistent with IRC § 6103(i)(8) and 5 U.S.C. § 552(o)(1)(K), the Government Accountability Office (Comptroller General) may have access to all IRS and SSA records as necessary to monitor and verify compliance with this agreement.

XI. REIMBURSEMENT

All work done by IRS for SSA under this agreement will be performed on a cost reimbursable basis. IRS will recover all reasonable direct and indirect costs, including overhead, associated with performing services for SSA under this agreement. Pursuant to IRC § 6103(p)(2)(B), IRS may prescribe a reasonable fee for furnishing return information.

The IRS will prepare cost estimates on an annual basis. The cost estimates for these activities will be detailed on an executed Form SSA-429. The terms and conditions of reimbursement will remain in effect for the fiscal year unless those terms are modified by an amended Form SSA-429. The IRS administers the computer matching program for the benefit of the agencies that participate in it. Accordingly, the IRS expects to recover 100 percent of the costs it incurs to administer this program. In the unlikely event actions by one or more agencies significantly alter the total cost incurred by the IRS or the calculation of the agencies' pro rata share of program costs, the IRS may need to adjust the computation of annual costs. If this occurs, IRS will notify SSA.

Costs associated with this program are primarily related to the actions by IRS required to make the data sharing program available to SSA for the performance of the computer matching. These costs include personnel in place to administer the program, setup and testing of the matching system by Information Technology personnel, and the Safeguards

program and personnel necessary to ensure protection of the associated Federal tax information.

Billing will be prepared by the IRS at least quarterly, and may be monthly during the last quarter of the fiscal year. Actual costs may be higher or lower than the estimate. Both agencies must sign Forms 7600A and 7600B Interagency Agreement and Form SSA-429, Interagency Agreement Data Sheet, prior to the initiation of any services under this agreement. IRS' authority to incur obligations through the performance of services under this agreement and SSA's authority to reimburse IRS under this agreement shall not exceed the amounts specified in Forms 7600A and 7600B and Form SSA-429. Both agencies must sign amended Forms 7600A and 7600B and Form SSA-429 if it becomes apparent that original cost estimates will be exceeded.

SSA will transfer funds to IRS, in the form of progress or periodic payments, on at least a quarterly basis, to support IRS's activities under this agreement. Transfers of funds will be by means of the Intra-Governmental Payment and Collection (IPAC) system. The SSA IAA number must be cited on all IPAC submissions. Additionally, at least quarterly, but no later than 30 days after an accountable event, IRS must provide SSA with a performance report (e.g. billing statement) that details all work performed to date. Additionally, at least quarterly, the parties will reconcile balances related to revenue and expenses for work performed under the agreement.

SSA may incur costs under this agreement on a Federal fiscal year basis only. Since this agreement spans multiple fiscal years, SSA will prepare a new Form SSA-429 at the beginning of each succeeding fiscal year that this agreement remains in effect. SSA's ability to incur costs for fiscal years beyond FY 2017 is subject to the availability of funds. If funds are not available for reimbursement, IRS is not required to perform this match.

XII. DURATION OF AGREEMENTS

A. Matching Agreement

The effective date of this agreement is July 1, 2018, provided that SSA reported the proposal to re-establish this matching program to the Congressional committees of jurisdiction and OMB in accordance with 5 U.S.C. § 552a(o)(2)(A) and OMB Circular A-108 (December 23, 2016), and SSA published notice of the matching program in the Federal Register in accordance with 5 U.S.C. § 552a(e)(12).

90 days prior to the expiration of this agreement, the parties to this agreement may request a 12-month extension in accordance with 5 U.S.C. § 552a(o)(2)(D). If either agency does not want to extend this agreement, the agency should notify the partnering agency in writing at least 90 days prior to the expiration of this agreement.

B. Modification and Termination of the Agreement

This agreement may be modified at any time by a written modification to this agreement, which satisfies both parties and is approved by the Data Integrity Board (DIB) of each agency. Any modification will be effective only after approval by the DIBs of both agencies.

The parties may terminate this agreement at any time with the consent of both parties. Either party may unilaterally terminate this agreement upon written notice to the other party, in which case the termination will be effective 90 days after the date of the notice, or at a later date specified in the notice, provided the termination date does not exceed the original or the extended completion date of the match.

Either SSA or IRS may immediately and unilaterally suspend the data flow of this agreement or terminate this agreement if there has been:

1. an unauthorized use of information obtained under this agreement by a party;
2. a violation of, or failure to follow, the terms of this agreement by a party;
3. SSA's non-payment to IRS in accordance with the parties' reimbursable agreement.

Any party may make an immediate, unilateral suspension of this agreement if they suspect that a party has breached the terms for security of data until such time as the party suspecting the breach and the party suspected of making the breach reach a definite determination regarding a breach. Reimbursement for services provided will be paid regardless of any such suspension.

IRS will monitor and enforce compliance with Federal safeguards requirements applicable to return information. If IRS determines that SSA fails to meet the safeguarding requirements, IRS will take steps to ensure that SSA corrects the areas of noncompliance. Such steps may include, as appropriate, suspension or termination of further disclosures to SSA of return information. Federal tax regulations (26 C.F.R. § 301.6103(p)(7)-1) provide for an administrative review of any determination of noncompliance with IRC § 6103(p)(4).

XIII. PERSONS TO CONTACT

Any change of the information pertaining to any contact must be promptly provided, in writing, to the contacts of the other agency.

A. The IRS contacts are:

1. Project Coordinator

Klaudia K. Villegas, Reimbursable Program Analyst
Internal Revenue Service
Governmental Liaison, Disclosure and Safeguards
Office of Data Services
Mail Stop 1020
300 North Los Angeles Street
Los Angeles, CA 90012-3308
Telephone: (213) 576-4223/Fax: (855) 207-0455
Email: Klaudia.K.Villegas@irs.gov

2. Safeguards and Recordkeeping Procedures

Joyce H. Peneau, Associate Director
Internal Revenue Service
Governmental Liaison, Disclosure and Safeguards
Office of Safeguard
1232 Anacapa Street
Santa Barbara, CA 93101
Email: Joyce.H.Peneau@irs.gov

B. The SSA contacts are:

1. Matching Program

Sonia Robinson, Government Information Specialist
Electronic Interchange and Liaison Division
Office of Privacy and Disclosure
Office of the General Counsel
Social Security Administration
6401 Security Boulevard, 617 Altmeyer
Baltimore, MD 21235
Telephone: (410) 966-4115
Fax: (410) 966-4304
Email: Sonia.V.Robinson@ssa.gov

2. Policy, Safeguards and Recordkeeping

La'Tonya A. Anderson, Social Insurance Specialist
Office of SSI and Program Integrity Policy
Office of Income Security Programs
Social Security Administration
6401 Security Boulevard
2-R-19-E Robert M. Ball Building
Baltimore, MD 21235
Telephone: (410) 966-3882
Fax: (410) 966-0980
Email: Latonya.Anderson@ssa.gov

3. Systems Operations

Michelle Anderson, Branch Chief
DBIAE/Data Exchange and Verification Branch
Office of IT Programmatic Business Support
Office of Systems
6401 Security Boulevard
3-D-1 Robert M. Ball Building
Baltimore, MD 21235
Telephone: (410) 965-5943
Fax: (410) 966-3147
Email: Michelle.J.Anderson@ssa.gov

4. Information Security

Yvonne Fisher
Office of Information Security
Security Business Analysis Branch Chief
DCS Financial Statement Audit Liaison
IRS Safeguard Liaison
3156 Annex Building
6401 Security Boulevard
Baltimore MD 21235
Telephone: (410) 966-8718
Email: Yvonne.Fisher@ssa.gov

5. Project Coordinator

Andrea Warren, Program Analyst
Office of Data Exchange
Office of Data Exchange and Policy Publications
Social Security Administration
6401 Security Boulevard, 4-C-8-A Annex Building
Baltimore, MD 21235
Telephone: (410) 966-5642
Email: Andrea.Warren@ssa.gov

XIV. AUTHORIZED OFFICIALS

Any change of the information pertaining to any authorized official must be promptly provided, in writing, to the contacts of the other agency.

- A. The official with authority to request information under this agreement on behalf of SSA is:

Mary Ann Zimmerman, Acting Executive Director
Office of Privacy and Disclosure
Office of the General Counsel
Social Security Administration
6401 Security Boulevard, 617Altmeyer
Baltimore, MD 21235
Telephone: (410) 966-4193
Email: Mary.Ann.Zimmerman@ssa.gov

- B. The official with authority to disclose, or authorize the disclosure of, return information under this agreement on behalf of IRS is:

Phyllis T. Grimes, Director
Office of Governmental Liaison, Disclosure and Safeguards
OS:PGLD:GLDS
1111 Constitution Avenue, NW
Washington, DC 20224
Telephone: (202) 317-4202
Email: Phyllis.T.Grimes@irs.gov

XV. LIMITATIONS

The terms of this agreement are not intended to alter, amend, or rescind any current agreement or provision of Federal law now in effect. Any provision of this agreement that conflicts with Federal law is invalid.

XVI. LIABILITY

- A. Each party to this agreement shall be liable for acts and omissions of its own employees.
- B. Neither party shall be liable for any injury to the other party's personnel or damage to the other party's property unless such injury or damage is compensable under the Federal Tort Claims Act (28 U.S.C. § 1346(b)), or pursuant to other Federal statutory authority.
- C. Neither party shall be responsible for any financial loss incurred by the other party, whether directly or indirectly, through the use of any data furnished pursuant to this agreement.

XVII. CONTINGENCY CLAUSE

This agreement is contingent on SSA meeting the Federal Safeguard requirements specified in section VII of this agreement. Matches with SSA under this agreement will be suspended or discontinued immediately if, at any time, IRS determines that SSA has failed to meet the Federal Safeguard requirements or any Privacy Act requirements. See the regulations at 26 C.F.R. § 301.6103(p)(7)-1 regarding procedures for administrative review of such a determination.

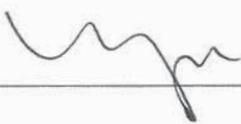
XVIII. REPORT TO CONGRESS

When both the SSA DIB and the Treasury DIB have approved this agreement, SSA will submit a report of the matching program to Congress and OMB for review, and will provide a copy of such notification to IRS.

XIX. SIGNATURES OF AUTHORIZED OFFICIALS

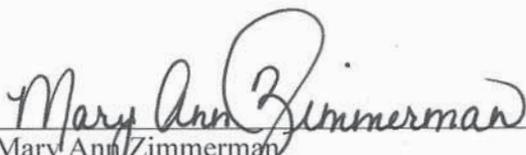
The signatories below warrant and represent that they have the competent authority on behalf of their respective agencies to enter into the obligations set forth in this agreement.

Social Security Administration

By  _____
Monica Chyn
Acting Deputy Executive Director
Office of Privacy and Disclosure
Office of the General Counsel

Date: 11/27/17

The Social Security Administration DIB has reviewed this matching agreement and finds it in compliance with relevant statutes, regulations and guidelines. We, therefore, approve the conduct of the aforementioned matching program.

By  _____
Mary Ann Zimmerman
Acting Chair, Data Integrity Board
Social Security Administration

Date: 12/20/17

Department of Treasury, Internal Revenue Service

By **Phyllis T. Grimes**
Phyllis T. Grimes, Internal Revenue Service
Director, Governmental Liaison, Disclosure and Safeguards

Digitally signed by Phyllis T. Grimes
DN: c=US, o=U.S. Government, ou=Department of the Treasury,
ou=Internal Revenue Service, ou=People, serialNumber=399023,
cn=Phyllis T. Grimes
Date: 2018.01.18 10:05:37 -0500

Date: 01/18/18

The Treasury Data Integrity Board has reviewed this matching agreement and finds it in compliance with relevant statutes, regulations and guidelines. We, therefore, approve the conduct of the aforementioned matching program.

By 
Ryan Law
Chairperson, Treasury DIB
Deputy Assistant Secretary for Privacy, Transparency, and Records

Date: 2/5/2018

XX. EFFECTIVE DATE

This agreement is effective the 1st day of July, 2018.

It expires on the 31st day of December, 2019.

Attachments:

- A. SSA Cost Benefit Analysis, SSA Match #1016

**COST BENEFIT ANALYSIS (CBA)
for the COMPUTER MATCHING OPERATION BETWEEN
the Social Security Administration (SSA) and the INTERNAL
REVENUE SERVICE (IRS) (MATCH #1016)**

Study Objective

To determine the cost-effectiveness of the SSA/IRS computer matching operation.

Background

SSA conducts the matching operation three times a year, with the IRS furnishing SSA with the amounts and types of non-wage income for Supplemental Security Income (SSI) recipients. This information provides leads on unreported or underreported resources or income. The IRS interface with the Supplemental Security Record (SSR) represents a cooperative effort between SSA and the IRS to prevent SSI overpayments.

IRS uses data from Form 1099 and similar reports of financial transactions to match against an SSR finder file submitted by SSA. SSA then uses the returned file of IRS-matched records to identify potentially overpaid cases for field office (FO) development.

SSA uses established criteria, such as tolerances and exclusion of certain types of income, to eliminate cases less likely to be overpaid and identifies the above tolerance cases. Then, through the application of a profiling module developed by the Office of Quality Improvement (OQI), SSA further reduces the number of alerts released to the FOs for development. This maximizes the cost-effectiveness of the alert process and minimizes the burden on FO staff, as well as SSI recipients, of addressing unproductive alerts.

This cost benefit analysis focuses on the effectiveness of the matching operation using the current tolerances.

Methodology

The Office of Data Exchange (ODX) reviewed a sample of 370 IRS alerts of the 63,062 alerts completed by FOs in fiscal year (FY) 2016. The amount of change in the recurring monthly payment or the amount of overpayment attributable to the detection of unreported income and or resources provide the outcome for the ODX cost benefit determination. The findings from the study sample are projected to the universe of 63,062 completed alerts.

Benefits of the Match

The benefits realized in the development of the alerts from this matching operation include the detection and recovery of retroactive overpayments and the avoidance of future overpayments due to changes in the recurring monthly benefit amount.

ODX found overpayments in 29.7 percent of the sample cases. The average overpayment was approximately \$3256.54. Projecting these results to the universe of alerts completed in FY 2016, the total number of records with overpayments was 18,729, which makes the total overpayments detected from the match to be approximately \$60,991,738 million. Using the average historical overpayment recovery rate for title XVI recipients, we would expect 60 percent of the overpaid dollars to be recovered for a total of approximately **\$36,595,043** in benefits.

There was a decrease in the recurring monthly payment in 30 percent of the sample cases. Projecting these findings to the 63,062 alerts for FY 2016, we determined that 18,919 (rounded) records involved a decrease in monthly payment amount. The average monthly decrease was approximately \$489.80, so the total decrease in monthly payment amount was \$9,266,526. If the match had not occurred, we assume that this incorrect payment would have continued for three additional months. Therefore, the estimated savings due to the reduction in future monthly payments would be approximately **\$27,799,578 million** when projected to the universe of completed alerts.

Combining the overpayment recoveries and the future overpayment preventions, we estimate the total benefits from this matching operation in FY 2016 to be nearly **\$64.4 million**.

There were no retroactive underpayments or increases in the recurring monthly payment detected in the sample.

Costs of the Match

The matching agreement and operation

The FY 2016 interagency agreement estimated cost of services for the SSA/IRS data exchange is **\$483,324**.

For this data exchange in FY 2016, the Office of Systems estimated a cost of **\$37,185.03**.

FO Development

Using the average development time of 93.16 minutes per alert provided by the Office of Operations, we estimate the FO development costs for the 63,062 alerts completed in FY 2016 to be approximately **\$8,264,275.10**.

In addition, the FO incurs costs in incorrect payment development and recovery processing for cases identified with an overpayment. The FY 2016 cost per case of this

development, established by the Division of Cost Analysis in the Office of Financial Policy and Operations, is \$70.65. Using \$70.65 for each overpaid recipient, the total additional development and recovery costs for 18,729 cases were **\$1,323,203.85**

The total costs for this matching operation was **\$10,107,987.98**.

Conclusion

The benefit to the United States Treasury of this matching operation is the correction of those cases where there is a decrease in the recurring monthly payment amount and the recovery of detected overpayments, which totals nearly **\$64.4 million**. The total costs are projected to be approximately **\$10,107,988**. Thus, the actual savings to the United States Treasury make this matching operation cost effective with a benefit to cost ratio of **6.37 to 1**. Accordingly, we recommend the continuance of this matching activity.

**COST BENEFIT ANALYSIS for the COMPUTER MATCHING
OPERATION (MATCH #1016) BETWEEN SSA and the INTERNAL
REVENUE SERVICE (IRS)**

Number of Completed Alerts in FY 2016:	63,062
Sample of Alerts :	370

Benefits

Retroactive Overpayments

Percent of Records with Retroactive Overpayments	29.7%
Number of Alerts with Overpayments	18,729
Average Overpayment	\$3256.54
Total Overpayment (Projected)	\$60,991,738
Amount Expected to Recover (60%)	<u>\$36,595,043</u>

Decrease in Monthly Payment Amount

Percent of Alerts with Decrease in Monthly Payment	30%
Average Change in Monthly Payment Amount	\$489.80
Total Change in Ongoing Monthly Payment	\$9,266,526
Projected for 3 months	<u>\$27,799,578</u>

Total Benefits **\$64,394,621**

Costs

Interagency Agreement (Estimate based on FY 2016)	\$483,324
Systems Costs (Office of Systems, Budget staff)	\$37,185.03
Field Office Alert Development Costs	\$8,264,275.10
Overpayment Development/Recovery Processing Costs	\$1,323,203.85

Total Costs (rounded) **\$10,107,988**

Benefit-to-Cost Ratio **6.37: 1**

Field Office Alert Development Costs

<i>Total number of alerts released FY 2016</i>	63,062
<i>Salary¹</i>	\$94,897
<i>Development Time per Alert²</i>	93.16 minutes

Computation

Development Time in minutes x 1.85 overhead ³	172.35 minutes per alert
((minutes per alert x alerts) /60)/2080 172.35 x 63,062/60/2080	87.09 WY
87.09 WY x \$94,897 (Salary)	\$8,264,579.73
(money)/(number of alerts) = (average cost to develop an alert) \$8,264,579.73/63,062=	\$131.05
Total Alert Development Cost \$131.05 per alert x 63,062 FY 2016 alerts	\$8,264,275.10

Overpayment Development and Recovery Costs

Cost per Alert (DCBFM/Division of Cost Analysis)	\$70.65
Number of alerts with overpayment	18,729

Computation

(Alerts with overpayments) x (Cost per Alert) 18,729 x \$70.65	\$1,323,203.85
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¹ FY 2016 Average Cost per Workyear (CPWY) of \$94,897 provided by the Office of Budget.

² The Office of Operations furnished the development time of 93.16 minutes per alert.

³ The Office of Budget furnished the overhead rate of 1.85 for the FOs.

Benefits in Detection and Prevention of Overpayments

Overpayments

<i>Total number of alerts</i>	63,062
<i>Percent of cases with Overpayments</i>	29.7%
<i>Total number of cases with Overpayments</i>	18,729
<i>Average overpayment</i>	\$3,256.54

Computation

(Average overpayment) x (Number of overpayments)	\$60,991,738
\$3,256.54 x 18,729 (rounded)	
60% (expected recovery rate)	\$36,595,043

Change in Monthly Payment Amount

<i>Total number of alerts</i>	63,062
<i>Percent of cases with decrease in monthly payment amount</i>	30%
<i>Total number of cases with decrease in monthly payment amount (rounded)</i>	18,919
<i>Average monthly decrease</i>	\$489.80

Computation

(Average monthly decrease) x (Number of benefit decreases)	\$9,266,526
Projected for 3 months	\$27,799,578