Agency Financial Report

Fiscal Year 2022

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A MESSAGE FROM THE ACTING COMMISSIONER

As the Acting Commissioner of the Social Security Administration (SSA), I present our fiscal year (FY) 2022 *Agency Financial Report.* The report details how we managed our resources and delivered services to the public in the past fiscal year.

Our employees are the heart of the agency. Each day, they accomplish our mission to deliver quality Social Security services to the American people. Our efforts center around three overarching Strategic Goals: Optimize the Experience of SSA Customers; Build an Inclusive, Engaged, and Empowered Workforce; and Ensure Stewardship of SSA Programs. We discuss our progress towards meeting these goals in the *Overview of Our Fiscal Year 2022 Goals and Results* section.

In FY 2022, we improved access to our services, while addressing significant challenges. Agency-wide, in FY 2022, we hit our lowest staffing level in 25 years driven by hiring freezes, years of insufficient funding and compounded by recent unprecedented attrition. We are striving to replace our staffing losses, especially in the State disability determination services (DDS). We face a growing volume of disability claims at the initial and reconsideration levels, a backlog of claims at our processing centers, and a delay in eliminating our hearings backlog. A special team is working to increase DDS processing capacity and address pending initial disability claims. Our full FY 2023 President's Budget request includes the resources necessary to reduce our backlogs, restore our workforce, and improve customer service.

As good stewards of our programs and as required by law, we must continue our quality reviews, cost-effective program integrity work, and payment accuracy efforts to ensure eligible individuals receive the benefits for which they are entitled, by reducing both overpayments and underpayments. Expanded data analytics, predictive modeling, and strategic partnerships will help us effectively administer benefits and protect our programs from waste, fraud, and abuse.

I am pleased to share that for the 29th consecutive year, we received an unmodified opinion on our financial statements. Based on the results of our internal evaluations, I can provide reasonable assurance that the financial and performance information contained in this report is complete, reliable, and accurate. We also have no material weaknesses in our internal controls.

Respectfully,

Kilolo Kijakazi

Kilolo Kijakazi, Ph.D., M.S.W.

Baltimore, Maryland
November 10, 2022

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This report is available on our *Agency Financial Report* website.

INTRODUCTION

Our *Agency Financial Report* (AFR) provides financial management and high-level performance information that enables the President, Congress, and the public to assess how well we accomplished our mission, achieved our goals, and managed the financial resources entrusted to us. We organize our AFR into the following major sections:

MANAGEMENT'S DISCUSSION AND ANALYSIS: The *Management's Discussion and Analysis* section provides an overview of our mission, organization, Strategic Goals and Objectives (as defined in our *Fiscal Years* (FY) *2022-2026 Agency Strategic Plan*), Priority Goals, and FY 2022 performance measures. We highlight our progress toward accomplishing our Strategic Goals and Objectives and discuss our plans to achieve our mission. We provide a summary of the financial information contained in subsequent sections of the AFR. We also include analysis of our systems, controls, and legal compliance.

FINANCIAL SECTION: The *Financial Section* contains *A Message from the Chief Financial Officer* and a summary of financial management initiatives that advanced the agency's mission. We also include our audited financial statements, the accompanying notes to those statements, and required supplementary information, including the Combining Schedule of Budgetary Resources and information on Social Insurance. This section concludes with the *Report of Independent Certified Public Accountants* section.

OTHER INFORMATION: The *Other Information* section includes our *Summary of Financial Statement Audit and Management Assurances* tables, as well as *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2022*. We also provide information on our payment integrity, entitlement reviews and Office of the Inspector General anti-fraud activities, civil monetary penalties, biennial review of user fee charges, grants programs, climate-related financial risk, and debt collection and management activities.

APPENDIX: The *Appendix* includes a glossary of acronyms, a list of our agency's top management officials, the members of the Board of Trustees, and the members of the Social Security Advisory Board.

For the 24th year in a row, we received the Association of Government Accountants' Certificate of Excellence in Accountability Reporting (CEAR) award. Receiving the CEAR award for our FY 2021 AFR is a significant accomplishment for a Federal agency.

Management's Discussion and Analysis

The *Management's Discussion and Analysis* (MD&A) section is required supplementary information to the financial statements and provides a high-level overview of the Social Security Administration. The MD&A describes who we are, what we do, and how well we meet our established goals.

The *Overview of the Social Security Administration* highlights our mission as set forth in our *Agency Strategic Plan*. We identify the major programs we administer and provide a brief explanation of our organization.

The *Overview of Our Fiscal Year 2022 Goals and Results* provides a high-level discussion of our goals and our key mission results. We display our fiscal year 2022 operating expenses by Strategic Goal and Objective, discuss our Agency Priority Goals, highlight how our results contribute to achieving our Strategic Goals and Objectives, and discuss how we plan to address the challenges we face.

The MD&A also addresses our financial performance in the *Highlights of Financial Position*. We provide an overview of our financial data and explain the major sources and uses of our funds, as well as the use of these resources in terms of both program and function. We also provide an overview of our Social Insurance data, discuss the solvency of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds, and indicate the projections for short-term and long-term financing of the OASI and DI Trust Funds.

Finally, *Analysis of Systems, Controls, and Legal Compliance* describes the actions we have taken to address our management control responsibilities. The Management Assurances subsection provides our assurances related to the *Federal Managers' Financial Integrity Act* and the determination of our compliance with the *Federal Financial Management Improvement Act*. We also address the results of the audit of our financial statements and compliance with the *Federal Information Security Management Act*, as amended.

Overview of the Social Security Administration

Mission

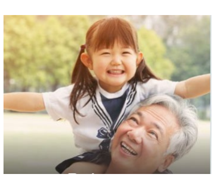
Ensure equity and accessibility in delivering Social Security services by improving the customer experience and addressing systemic barriers to participation in our programs.

Programs

Few government agencies affect the lives of as many people as we do. In accordance with law and regulations, we administer three programs under the *Social Security Act*:

- **Old-Age and Survivors Insurance**: Established in 1935, the Old-Age and Survivors Insurance (OASI) program provides retirement and survivors benefits to qualified workers and their family members. In fiscal year (FY) 2022, we paid OASI benefits to an average of over 56 million beneficiaries each month and paid over $1,075 billion to OASI beneficiaries through the fiscal year. Learn more about retirement benefits on our website at SSA.gov/benefits/retirement and about survivors benefits at SSA.gov/benefits/survivors.
- **Disability Insurance**: Established in 1956, the Disability Insurance (DI) program provides benefits for workers who become disabled and their families. In FY 2022, we paid DI benefits to an average of 9 million beneficiaries each month and paid over $146 billion in DI benefits through the fiscal year. Read stories from DI beneficiaries on our website at SSA.gov/disabilityfacts/stories.html, and learn more about DI benefits at SSA.gov/benefits/disability.
- **Supplemental Security Income**: Established in 1972, the Supplemental Security Income (SSI) program provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2022, we paid SSI benefits to a monthly average of 7.6 million recipients (approximately 2.6 million of whom concurrently receive OASI or DI benefits) and paid almost $59 billion in SSI Federal benefits and State supplementary payments through the fiscal year. Learn more about SSI benefits on our website at SSA.gov/benefits/ssi.

We also support national programs administered by other Federal and State agencies, as required by law, such as Medicare, the Supplemental Nutrition Assistance Program, State Children's Health Insurance Program, E-Verify, Medicaid, and Federal Benefits for Veterans, and programs associated with the *Employee Retirement Income Security Act of 1974*, *Coal Industry Retiree Health Benefit Act*, and *Help America Vote Act*.



Did You Know? We're with You from Birth through Retirement

When people experience major life events—the birth of a child, a new job or job loss, marriage or the loss of a spouse, health problems, retirement—we are here to help. Create your own *my* Social Security account to review your earnings history, get personalized estimates of future benefits, opt to receive notices online, and manage your benefits once they begin (SSA.gov/myaccount).

How Social Security Benefited America in Fiscal Year 2022

- We paid a combined total of over $1.2 trillion in Social Security and SSI benefits.
- Approximately 87 percent of the American population age 65 and over received Social Security benefits.
- On average each month, over one million blind or disabled children under age 18 received SSI benefits.

How We Served America in Fiscal Year 2022

- Processed nearly 376 million online transactions.
- Mailed an estimated 350 million notices.
- Registered over 10.5 million new accounts on the *my* Social Security portal, bringing the total accounts to over 72 million. The portal offers many secure and convenient online self-service options. Modernized our secure credentials process to improve access to the *my* Social Security portal.
- Launched the redesigned *Social Security Statement* (*Statement*) online via *my* Social Security and by mail. People accessed their *Statements* online over 55 million times and we mailed nearly 19 million paper *Statements*.
- Processed over 16 million applications for new and replacement Social Security Number cards. Expanded the Internet Social Security Number Replacement Card options to request a replacement card for name change due to marriage in certain States.
- Posted approximately 294 million annual earnings items to workers' records from paper and electronic W- 2s submitted by both employers and self-employed individuals. Performed nearly 2.3 billion automated Social Security Number verifications for employers.
- Conducted 23 computer matching agreements for data exchanges with various Federal partners, resulting in $11 billion in projected annual savings.
- Our agents handled nearly 27 million calls on our National 800 Number, amid staffing and technology challenges. These challenges resulted in an increase to our annual average speed of answer of nearly 33 minutes compared to nearly 14 minutes in FY 2021.
- Completed nearly 8.7 million retirement and disability claims for benefits; conducted over 590,000 full medical continuing disability reviews (CDR); and performed over 2.2 million non-medical redeterminations of SSI eligibility. Recruitment and retention challenges in the State disability determination services (DDS) decreased our ability to complete our disability workloads and resulted in a growing volume of pending initial and reconsideration claims.
- Completed nearly 363,000 hearing dispositions; reviewed nearly 89,000 cases in the Appeals Council; and defended over 13,000 disability cases in Federal court. Resumed in-person hearings and prioritized individuals who have waited the longest for a hearing.

ORGANIZATION

Over 57,000 Federal employees and 14,500 State employees serve the public from a network of more than 1,500 offices across the country and around the world. We administer our programs and services online, by phone, and in-person in our offices. Our customers can access our online services such as applying for retirement, disability, and Medicare benefits, checking the status of an application or appeal, or requesting a replacement Social Security card.

Our highest priority is to provide mission-critical services while ensuring the health and safety of the public and our employees. We have shown this by maximizing remote work during the height of the pandemic and implementing policy and process flexibilities. As we continue to expand our in-person services, we are working to return our performance closer to pre-pandemic levels. In April 2022, we resumed in-person services, including for people without appointments. Many of our customers embraced the convenience of online service, avoiding wait times in our field offices and allowing us to better assist those who need in-person support, including customers with critical situations, complex claims, or limited internet or phone access.

A diverse, engaged, and well-trained workforce is critical to meeting our service delivery goals. Serving our customers is at the core of all we do, and our employees are dedicated to providing equitable and accessible service to nearly every member of the public at some point in their lives, as they either directly serve the public or provide support to employees who do. We care about the well-being of our workforce and support them throughout their chosen career paths with employee engagement, training, and development. In FY 2022, we experienced our lowest staffing level in over 25 years. We strive to replace our employee losses and retain current staff.

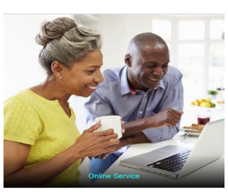
State DDSs make disability determinations for initial claims, reconsiderations, and CDRs. The DDSs are also experiencing historically high attrition and difficulties hiring new staff, limiting our capacity to address a growing backlog of initial disability claims that has resulted in people waiting on average over six months in FY 2022 for an initial decision on their disability applications compared to about five and a half months in FY 2021.

Administrative law judges in our hearing offices and administrative appeals judges in our Appeals Council decide appealed cases. We are making progress toward eliminating the disability hearings backlog, which is at its lowest level in 21 years.

Our processing centers handle the most complex benefit payment decisions, issue benefit payments after appeals decisions, determine and collect debt, correct records, and perform program integrity work.

Our teleservice centers answer a broad range of Social Security and Medicare questions; schedule appointments for our field offices; provide status updates on current claims or appeals; and ensure the accuracy of our records.

For more information about our organization and its functions, visit our organizational structure website.



DID YOU KNOW? YOU CAN ACCESS OUR SERVICES ONLINE

We are expanding our online services to give you the freedom to access your benefits online, check the status of an application or appeal, request a replacement Social Security card (in most areas), print a benefit verification letter, and more—from anywhere and from any of your devices!

OVERVIEW OF OUR FISCAL YEAR 2022 GOALS AND RESULTS

HOW WE MANAGE PERFORMANCE

PERFORMANCE FRAMEWORK: The *Government Performance and Results Modernization Act of 2010* (GPRMA) describes how agency strategic plans and goals align with presidential terms and broader Federal efforts.

Setting goals and measuring our performance is vital to our success. We define our performance framework in the *Fiscal Years* (FY) *2022–2026 Agency Strategic Plan* (ASP). Our ASP defines our Strategic Goals and details underlying Strategic Objectives, strategies, and relevant risks and mitigation plans.

Our Strategic Goals are:

Strategic Goal 1: Optimize the Experience of SSA Customers;

Strategic Goal 2: Build an Inclusive, Engaged, and Empowered Workforce; and

Strategic Goal 3: Ensure Stewardship of SSA Programs.

PLANNED PERFORMANCE: In April 2022, we published our *Annual Performance Plan for FY 2023, Revised Performance Plan for FY 2022 and Annual Performance Report for FY 2021* as part of the *President's FY 2023 Budget Request*. These plans and report outline our tactical plans for achieving the Strategic Goals and Objectives in our ASP, finalize our performance commitments for FY 2022, and describe how we ensure data integrity of our performance information. The budgeted workloads published in our Annual Performance Report (APR) correspond to the key workload measures in the *FY 2022 Operating Plan*.

ACTUAL PERFORMANCE AND PROGRAM RESULTS: We update the APR after the close of the fiscal year to provide performance results for the previous fiscal year. We plan to publish the final APR containing our actual FY 2022 results in February 2023. The final APR will be available on our *Annual Performance Plan* and *Annual Performance Report* website.

This *Agency Financial Report* summarizes our key initiatives, overall performance results, and financial activities we conducted to carry out our mission in FY 2022. The following table shows our operating expenses by Strategic Goal and Objective.

FY 2022 Operating Expenses by Strategic Goal and Strategic Objective
(Dollars in Millions)

Strategic Goal 1: Optimize the Experience of SSA Customers	**$10,377**
Strategic Objective 1.1: Identify and Address Barriers to Accessing Services	$1,158
Strategic Objective 1.2: Expand Digital Services	$1,849
Strategic Objective 1.3: Build a Customer-Focused Organization	$7,370
Strategic Goal 2: Build an Inclusive, Engaged, and Empowered Workforce	**$625**
Strategic Objective 2.1: Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement	$162
Strategic Objective 2.2: Support Employees' Chosen Career Paths	$463
Strategic Goal 3: Ensure Stewardship of SSA Programs	**$2,609**
Strategic Objective 3.1: Improve the Accuracy and Administration of Our Programs	$2,088
Strategic Objective 3.2: Identify and Eliminate Potential Barriers to Access Contracts and Grants	$19
Strategic Objective 3.3: Improve Organizational Performance and Policy Implementation	$502

Priorities: In support of the GPRMA, we established three Agency Priority Goals (APG), which are 24-month goals reflecting our top priorities. We routinely review our progress and take actions to improve our outcomes, promote innovation, and deliver favorable results.

For FYs 2022–2023, our APGs are:

1. Improve Equity in the Supplemental Security Income Program;
2. Improve the National 800 Number Service; and
3. Improve Initial Disability Claims.

Learn more about APGs on Performance.gov, and see how we focus leadership priorities, set outcomes, and measure results to drive significant progress and change.

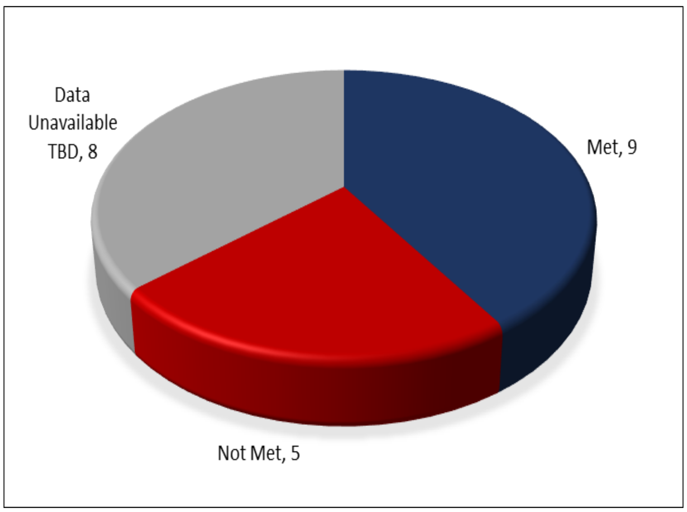
SUMMARY OF FISCAL YEAR 2022 PERFORMANCE

We highlight the approaches we used to achieve our FY 2022 performance measures, outline some of the challenges we faced meeting these goals, and provide an analysis of our performance. We base our planned performance measures and targets on the President's Budget request. If necessary, we adjust our resources to ensure we can complete our budgeted workloads and agency goals within our budget.

We have a total of 19 FY 2022 performance measures and 3 FY 2023 APGs, that we use to track agency progress towards meeting our Strategic Goals and Strategic Objectives. Overall, we met our targets for 9 of the 14 performance measures with available data. Final data for 8 of the remaining performance measure targets were not available at the time we published this report. The unavailable data results are indicated as to be determined (TBD). Additional details about available FY 2022 results are in the sections below.

We will publish final data for all performance measures in our *Annual Performance Plan for FY 2024, Revised Performance Plan for FY 2023, and Annual Performance Report for FY 2022* in February 2023.

SUMMARY OF OUR FY 2022 PERFORMANCE MEASURE RESULTS



STRATEGIC GOAL 1: OPTIMIZE THE EXPERIENCE OF SSA CUSTOMERS

Strategic Objectives

- Identify and Address Barriers to Accessing Services
- Expand Digital Services
- Build a Customer-Focused Organization

Create a *my* Social Security account

SSA.gov/myaccount

Our goal is to optimize the experience of our customers by providing timely, accurate, and efficient access to our services. We strive to better understand our customers' evolving needs, advance inclusive policies, and ensure equity throughout our programs (e.g., targeted outreach to communities of color and underserved communities, expanded availability of online tools, and examination of disparities using data collection and analysis).

These are some highlights of our progress toward accomplishing our Strategic Goal and Objectives:

- **Focused on identifying and addressing inequities in our programs and services**:

  We established the Agency Equity Team to coordinate agency-wide and interagency efforts and discuss opportunities to ensure equity in our programs, in accordance with Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*.

  In FY 2022, we published research regarding race and ethnicity which we plan to use to determine whether our programs are equitably serving our applicants and beneficiaries. We issued guidance on accepting documents with a non-binary sex designation of "X" for enumeration requests. We implemented agency-wide Diversity, Equity, Inclusion, and Accessibility Implicit Bias training. As part of our SSI administrative simplification efforts, we provided training for our external partners committed to assisting individuals in filing SSI applications. We also implemented an online method to assist people facing barriers to accessing our programs, their advocates, and third parties to establish a protective filing date for SSI benefits.

- **Provided additional digital service options to meet the needs of our customers**:

  my Social Security is an online portal that offers a broad range of services, including changing an address or direct deposit information, getting personal retirement benefit estimates, and requesting a replacement Social Security number (SSN) card. *my* Social Security is accessible from a computer or mobile device.

  In FY 2022, we completed various *my* Social Security enhancements such as modernizing our secure credentials process to improve portal access, enabling online access to the redesigned *Social Security Statement,* and broadening the Internet Social Security Number Replacement Card options to request a replacement card for name change due to marriage in certain States. We deployed an Online Social Security Number Application process that allows U.S. citizens and non-citizens to initiate an application for an SSN card online and identify the evidence needed to obtain an original or replacement SSN card before coming to the local SSA office to complete the application process.

- **Focused on improving the disability claims process and customer experience**:

  We expanded our Disability Case Processing System; now all State DDSs operate on the same national system. The system will provide increased efficiencies and improved customer service through business process modernizations.

  DDSs across the nation are experiencing high staff attrition and difficulties hiring qualified employees resulting in delays processing disability claims. We acknowledge that it was unacceptable for individuals to wait over six months for an initial decision in FY 2022, and we are committed to reducing wait times for disability decisions. We are collaborating with the DDSs to implement new strategies to address recruitment and retention issues. We are improving training, which will include testing trainees on their comprehension of the training materials, and lessen the demands on the more seasoned staff to support training efforts.

The following dashboard shows our FY 2022 performance measures status, including the Strategic Goal and Objectives:

Strategic Goal 1: Optimize the Experience of SSA Customers
Performance at a Glance

Strategic Objective	Performance Measure	Performance Status Met/Not Met
1.1: Identify and Address Barriers to Accessing Services	1.1a: Improve equity in our Supplemental Security Income program through increased outreach and improved benefit delivery, including to communities of color and underserved communities (FY 2023 APG)	**TBD** Results available September 2023
1.2: Expand Digital Services	1.2a: Redesign SSA's website to enhance the user's online experience	**Not Met** Postponed official Website release until December 2022
	1.2b: Increase the number of successfully completed online transactions	**Met** Completed 375.7 million online transactions
1.3: Build a Customer-Focused Organization	1.3a: Improve the customer experience by reducing the Average Speed of Answer on the National 800 Number (FY 2023 APG)	**TBD** Results available September 2023
	1.3b: Improve the customer experience by reducing the average processing time for initial disability claims and by prioritizing those individuals who have waited the longest for an initial disability determination (FY 2023 APG)	**TBD** Results available September 2023
	1.3c: Expand video service delivery	**Not Met** On hold due to software implementation restrictions
	1.3d: Provide uninterrupted access to our systems during scheduled times of operations	**Met** Provided 99.96% online systems availability
	1.3e: Implement a New Framework for the Acquisition of Electronic Medical Evidence	**Met** Onboarded a large medical evidence provider
	1.3f: Improve customer service by reducing the number of actions pending at the processing centers	**Not Met** Target of 3.7 million actions was missed by just over 500,000 actions

Strategic Goal 2: Build an Inclusive, Engaged, and Empowered Workforce

Strategic Objectives

- Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement
- Support Employees' Chosen Career Paths

Our goal is to ensure our hiring and promotion practices promote equity, as we ensure our workforce delivers customer-focused service to diverse populations and reflects the diversity of the customers they serve. We are aligning our human capital policies and emerging technologies, to attract, train, develop, and retain our workforce.

These are highlights of our progress toward accomplishing our Strategic Goal and Objectives:

- **Developed strategies to enhance our employee engagement and retention practices**:

  Our goal is to support our workforce by supporting our employees' chosen career paths, continually offering them tools to do their jobs, and investing in our employee development and training programs.

  In FY 2022, we implemented Improve Workplace Morale plans to strengthen employee engagement, improve morale, and increase retention. We reviewed policies and procedures to identify and create our Diversity, Equity, Inclusion, and Accessibility (DEIA) strategy, addressing potential barriers to full employee participation and advancement. We implemented DEIA training for all agency executives, managers, and supervisors. We created videos for our employees to provide insight into understanding unconscious bias and overcoming personal and workplace biases. We completed workshops to support our employees who are Veterans ("Understanding Trauma and Post-Traumatic Stress Disorder" and "Work-Life Services Briefing").

- **Focused on planning and preparation for improving leadership selection and development process**:

  We strive to diversify our leadership ranks and build a representative workforce.

  In FY 2022, we developed a comprehensive plan to analyze and mitigate barriers with the application and selection portions of the National Leadership Development Program. We analyzed applicant data to ensure a diverse applicant pool of talented individuals for the Senior Executive Service (SES) Candidate Development Program (CDP). We announced our new SES CDP class to ensure a pipeline of ready successors for critical SES positions.

The following dashboard shows our FY 2022 performance measures status, including the Strategic Goal and Objectives:

Strategic Goal 2: Build an Inclusive, Engaged, and Empowered Workforce Performance at a Glance

Strategic Objective	Performance Measure	Performance Status Met/Not Met
2.1: Promote Diversity, Equity, Inclusion, and Accessibility in Hiring and Advancement	2.1a: Enhance the leadership pipeline through a modernized national leadership development program	**Met** 90% of National Leadership Development Program participants reduced competency gaps
2.2: Support Employees' Chosen Career Paths	2.2a: Ensure new supervisors receive timely training to improve their leadership skills and competencies	**Not Met** We experienced delays in the availability of training courses
	2.2b: Strengthen manager accountability for effective performance management	**Met** Tracked 96.3% of performance documents electronically

Strategic Goal 3: Ensure Stewardship of SSA Programs

Strategic Objectives

- Improve the Accuracy and Administration of Our Programs
- Identify and Eliminate Potential Barriers to Access Contracts and Grants
- Improve Organizational Performance and Policy Implementation

Antifraud facts

Our goal is to ensure stewardship and the efficient administration of our programs by focusing our efforts on three major areas: improving program integrity so we provide accurate information and payments, enhancing our fraud prevention and detection activities, and improving workforce performance and increasing accountability.

The following highlights our progress toward accomplishing our Strategic Goal and Objectives:

- **Focused on improving our payment accuracy and program integrity**:

  We are enhancing our use of data analytics, predictive modeling, and technology to better identify suspicious and evolving patterns of concerning activities in our workloads, allowing us to proactively detect and prevent fraud before issuing payments.

  In FY 2022, we took several actions to make wage reporting easier for our recipients, which reduces burden and helps prevent recipients from building overpayment debts. We released our first mobile wage reporting application that allows users to upload a photograph of a pay stub rather than manually keying in wage data. We enhanced the accuracy of wage files by increasing real-time error information to the submitter prior to accepting the file. We also improved our ability to get payments to recipients more quickly by launching the Remittance ID Query Lookup tool to retrieve the information necessary to generate coupons and complete remittances. We also completed several fraud risk assessments to ensure the integrity of our programs.

- **Focused on eliminating potential barriers to grant opportunities for Historically Black Colleges and Universities (HBCU) and minority-serving institutions (MSI)**:

  We evaluated and improved our outreach and engagement efforts and increased equitable access to our research grants and procurement opportunities.

  In FY 2022, we funded research projects that involved scholars from HBCUs and MSIs. We partnered with research centers to offer training programs to graduate and undergraduate MSI students. We participated in the 2022 HBCU Week Career and Recruitment Fair to provide information about grant and cooperative agreement opportunities. We participated in cross-agency workgroups to collaborate and share best practices on increasing racial equity in the grant process.

- **Simplified our processes and partnered with other Federal agencies to share data**:

  We partnered with other Federal agencies to increase the accuracy of our records, improve the customer experience, and increase organizational effectiveness.

  In FY 2022, we collaborated with experts in the Federal government and the private sector to explore best practices for strategic workforce planning. We began the process of providing State death data to the Department of the Treasury in 2023 per the requirements of the *Consolidated Appropriations Act* (CAA)*, 2021*. We implemented sending the Internal Revenue Service data with the SSI Indicator information per Section 283 of the CAA, 2021 for their Private Debt Collection exclusion purposes.

The following dashboard shows our FY 2022 performance measures status, including the Strategic Goal and Objectives:

Strategic Goal 3: Ensure Stewardship of SSA Programs
Performance at a Glance

Strategic Objective	Performance Measure	Performance Status Met/Not Met
3.1: Improve the Accuracy and Administration of Our Programs	3.1a: Improve the integrity of the Supplemental Security Income program by focusing our efforts on reducing overpayments	**TBD** Results available summer 2023
	3.1b: Maintain a high payment accuracy rate by reducing overpayments, in the Old-Age, Survivors, and Disability Insurance program	**TBD** Results available summer 2023
	3.1c: Modernize our Debt Management System	**Met** Expanded the Social Security Electronic Remittance System
	3.1d: Ensure the quality of our decisions by achieving the State disability determination services net and decisional accuracy rate for initial disability decisions	**TBD** Results available January 2023
	3.1e: Mature the Enterprise Fraud Risk Management Program	**Met** Completed SSI Fraud Risk Profile, Occupations Risk Profile, and Title II Fraud Assessment
	3.1f: Expand our CDI coverage	**Met** CDI coverage expanded to three remaining States
	3.1g: Maintain effective cybersecurity and privacy programs	**Results not available** Data source became unavailable in the middle of the year without an alternative way to measure
3.2: Identify and Eliminate Potential Barriers to Access Contracts and Grants	3.2a: Small Business Administration annual scorecard success in contracting with HUBZone, Woman-Owned, Veteran-Owned, and Small Disadvantaged Businesses	**TBD** Results available summer 2023
3.3: Improve Organizational Performance and Policy Implementation	3.3a: Update the Listings of Impairments	**Not Met** The digestive and skin disorders final rules were not published in FY 2022
	3.3b: Reduce our Real Property Footprint	**Met** 43,600 usable square foot reduction

LOOKING FORWARD – FACING OUR CHALLENGES

Social Security programs often affect individuals at several points in their lives, including from birth, to entering the workforce, to facing a disability or loss, and when reaching retirement age. To meet the critical needs of the public, we will enhance our services, advance our policies and business processes, and evolve our technological solutions. More people are embracing the convenience of online services, avoiding wait times in our field offices and allowing us to assist better those who need in-person support.

As we better understand our customers' experiences, we will design and deliver services that are more user-friendly, easily accessible, and more equitable and effective, especially for those who have been historically underserved. To accomplish this objective, we are investing in technology and business processes to help us provide better service to the public. We are also working to reduce barriers to accessing our programs by identifying and eliminating disparities in service that people with disabilities, workers, and their families may face when doing business with us.

A knowledgeable, dedicated, and talented workforce is essential to administer our complex programs successfully. We are investing in our employees, eliminating barriers to hiring and advancement, and fostering an inclusive workforce. We are strengthening our Federal hiring policies through talent teams, effective assessments, and internship improvements. We will also ensure that our employees are treated equitably and receive support for their chosen career paths by investing in training and development, increased workplace flexibilities, and technology that provide better tools to do our work.

Our employees are the heart of this agency, dedicated to providing equitable and accessible service to nearly every member of the public at some point in their lives. To engage and retain employees, we need to provide them with manageable workloads, modern technology, and the training and development to build a successful career with us. We are striving to replace our employee losses, as well as partner with the State DDSs to replace their losses. We are collaborating with the DDSs to implement new strategies to manage recruitment and retention issues and to increase DDS processing capacity to handle the growing volume of disability claims.

We will prioritize employee and public health and safety with new operating approaches. We are committed to climate adaptation and resilience planning to reduce climate change risks. Our *Climate Action Plan* reaffirms our vision to improve our capacity to assess and build resilience to climate change risks. We provide information on Climate-Related Financial Risk in the *Other Reporting Requirements* section.

We are working to better serve millions of people while maintaining strong stewardship and rigorous oversight of the programs we administer. In addition to these operational challenges, we face program challenges, which we discuss in the *Highlights of Financial Position* section and Note 17, Social Insurance Disclosures, in the *Financial Statements and Additional Information* section.

SCAMMERS ARE PRETENDING TO BE GOVERNMENT EMPLOYEES

THE SOCIAL SECURITY ADMINISTRATION WILL NEVER THREATEN, SCARE, OR PRESSURE YOU TO TAKE AN IMMEDIATE ACTION.

DO NOT BE FOOLED! IF YOU RECEIVE A SUSPICIOUS CALL:

DO NOT give them money or personal information!

Report the scam at oig.ssa.gov!

For more information, visit our Antifraud Facts website.

HIGHLIGHTS OF FINANCIAL POSITION

OVERVIEW OF FINANCIAL DATA

We received an unmodified opinion on our financial statements from Grant Thornton LLP. Our financial statements combined the results from the programs we administer, which include the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs (referred to as OASDI when discussing them in combination), and the Supplemental Security Income (SSI) program. OASI and DI have separate funds, which are financed by payroll taxes, interest on investments, and income taxes on benefits. General revenues from the U.S. Treasury finance SSI. Our financial statements, notes, and additional information are located in the *Financial Section* of this report. The following table presents key amounts from our basic financial statements for fiscal years (FY) 2020 through 2022 (excluding key amounts from our Statements of Social Insurance and Statements of Changes in Social Insurance Amounts, which we present in the Table of Key Social Insurance Measures located in the Overview of Social Insurance Data section).

TABLE OF KEY FINANCIAL MEASURES[1]
(DOLLARS IN BILLIONS)

Net Position (end of fiscal year)			
	2022	**2021**	**2020**
Total Assets	$2,877.0	$2,893.3	$2,949.1
Less Total Liabilities	$136.8	$121.5	$119.5
Net Position (assets net of liabilities)	$2,740.2	$2,771.8	$2,829.6
Change in Net Position (end of fiscal year)			
	2022	**2021**	**2020**
Net Costs	$1,294.4	$1,194.2	$1,157.7
Total Financing Sources[2]	$1,262.8	$1,136.4	$1,160.3
Change in Net Position	$(31.6)	$(57.8)	$2.6

Note:

1) Totals do not necessarily equal the sum of rounded components.
2) Total Financing Sources includes the following line items from the Statements of Changes in Net Position located in the *Financial Section* of this report: Net Change in Unexpended Appropriations, Appropriations Used in Cumulative Results of Operations, Total Non-Exchange Revenue, Transfers-In/Out Without Reimbursement, Imputed Financing Sources, and Other.

BALANCE SHEET: The Balance Sheet, located in the *Financial Section* of this report, presents as of a specific point in time, amounts of economic benefits we own or manage (assets), amounts we owe (liabilities), and residual amounts we retain, comprising the difference (net position).

Total assets for FY 2022 are $2,877.0 billion, a 0.6 percent decrease over the previous year. Of the total assets, $2,859.6 billion relate to funds from dedicated collections for the OASI and DI programs. By statute, we invest those funds not needed to pay current benefits in interest-bearing Treasury securities. Our Investments line, which includes interest receivable and accounts for approximately 99.2 percent of our assets, decreased $16.4 billion from the previous year. This decrease is due to a reduction in OASI investments during FY 2022, as the program's obligations exceeded receipts. This increase in obligations is due primarily to an increase in beneficiaries and the 5.9 percent Cost of Living Adjustment (COLA) beneficiaries received in 2022.

Liabilities grew in FY 2022 by $15.3 billion primarily because of the growth in benefits due and payable, which is attributable to an increase in the number of OASI beneficiaries, and the 5.9 percent COLA provided to beneficiaries in 2022. The majority of our liabilities (92.2 percent) consists of benefits that have accrued as of the end of the fiscal year, but have not been paid as of September 30, 2022. By statute, payment of OASI and DI program benefits for the month of September does not occur until October. Our net position decreased $31.6 billion to $2,740.2 billion as a result of the decrease in assets and increase in liabilities in FY 2022.

STATEMENT OF NET COST: The Statement of Net Cost, located in the *Financial Section* of this report, presents the annual cost of operating our three major programs: OASI, DI, and SSI. The Other category on the Statement of Net Cost consists primarily of our administrative costs not related to the OASI, DI, and SSI programs, and contains non-material activities.

Our net cost of operations includes the gross costs we incurred less any exchange revenue earned from activities. In FY 2022, our total net cost of operations increased $100.2 billion to $1,294.4 billion, primarily due to a 1.9 percent increase in the number of OASI beneficiaries, and the 5.9 percent COLA provided to beneficiaries in 2022. The OASI, DI, and SSI net cost increased by 9.0 percent, 4.6 percent and 8.0 percent respectively. Operating expenses increased for the OASI, DI, and SSI programs by 6.3 percent, 2.7 percent, and 1.1 percent respectively. When evaluating our OASI, DI, and SSI Programs, our administrative operating expenses for these programs are only 0.9 percent of these programs' total benefit expenses.

In FY 2022, our total benefit payment expenses increased by $99.8 billion, an 8.5 percent increase. The table below provides the benefit payment expense information, number of beneficiaries, and the percentage change for these benefit items during FY 2022 and FY 2021 for each of our three major programs.

BENEFIT CHANGES IN OUR MAJOR PROGRAMS DURING FISCAL YEARS 2022 AND 2021

	FY 2022	FY 2021	% Change
OASI			
Benefit Payment Expense	$1,075,126	$986,398	9.0%
Average Monthly Benefit Payment	$1,597.58	$1,487.01	7.4%
Number of Beneficiaries	56.84	55.79	1.9%
DI			
Benefit Payment Expense	$146,259	$139,818	4.6%
Average Monthly Benefit Payment	$1,232.11	$1,152.70	6.9%
Number of Beneficiaries	8.95	9.34	(4.2)%
SSI			
Benefit Payment Expense	$58,581	$53,918	8.6%
Average Monthly Benefit Payment	$622.76	$584.74	6.5%
Number of Beneficiaries	7.57	7.77	(2.6)%

Notes:

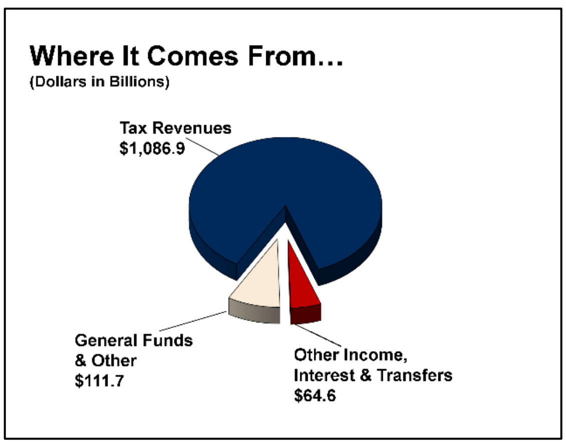
1. Benefit payment expense and the number of beneficiaries are presented in millions.
2. The average monthly benefit payment for OASI, DI, and SSI programs is presented in actual dollars.

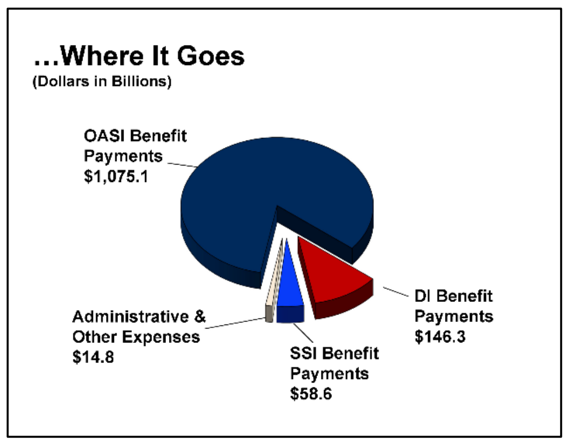
STATEMENT OF CHANGES IN NET POSITION: The Statement of Changes in Net Position, located in the *Financial Section* of this report, presents those accounting items that caused the net position section of the Balance Sheet to change from the beginning to the end of the reporting period. The Statement shows a decrease of $31.6 billion in the net position of our agency, which is attributable to our net cost exceeding our financing sources. OASDI financing sources are primarily made up of tax revenues and interest earned. In addition, OASDI financing sources are affected by transfers-in from our Payments to the Trust Fund accounts and transfers-out to our Limitation on Administrative Expenses accounts. As of September 30, 2022, OASI's FY 2022 net costs exceed financing sources, decreasing its net position. DI's FY 2022 financing sources exceed its net costs, increasing its net position.

We use most of the resources available to us to finance current OASDI benefits and to accumulate investments to pay future benefits. When we need funds to pay administrative expenses or benefit entitlements, we redeem investments to supply cash to cover the outlays.

In FY 2022, total financing sources, as shown in the Table of Key Financial Measures displayed earlier in this section, increased by $126.4 billion to $1,262.8 billion. This increase is primarily due to an increase in OASI and DI tax revenues received in FY 2022. Tax revenue increased $114.5 billion to $1,086.9 billion in FY 2022 due primarily to an increase in OASDI employment tax collections during FY 2022. In addition, there was a $36 billion negative adjustment to tax collections processed during FY 2021 that is also contributing to the increase. This adjustment was the result of true-ups of the estimated taxable earnings to actual tax information received by Treasury. The $1,262.8 billion in total financing sources from the Statement of Changes in Net Position will not match the amounts reported in the chart "Where It Comes From…" as seen below. The activity reported in the chart includes $0.3 billion in exchange revenue. Our exchange revenues primarily include payments of fees we receive from States that have us administer their State Supplementation of Federal SSI benefits. These amounts are reported on the Statement of Net Cost and are not classified as a financing source.

The following charts summarize the activity on our Statement of Net Cost and Statement of Changes in Net Position by showing the sources and uses of funds for FY 2022.





Note:

1. The individual items included in the "Where It Comes From…" chart total $1,263.2 billion. Of this total, 0.3 billion relates to exchange revenue, which is not included on the Statement of Changes in Net Position. Please note, the $1,263.2 billion total in the chart will not tie to the sum of the Total Financing Sources and Exchange Revenue listed in the text above due to rounding.

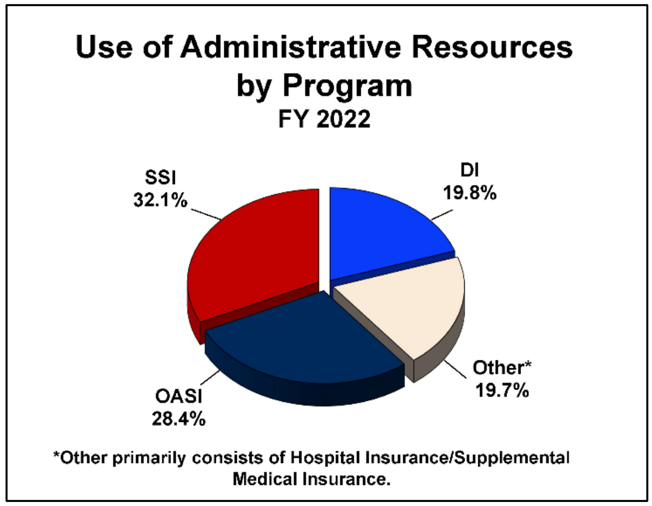
The SSI program's Cumulative Results of Operations are negative due to unfunded Benefits Due and Payable liabilities. Unadjudicated and adjudicated, or pending, claims make up a significant portion of SSI's Benefits Due and Payable activity. SSI will pay for these benefits using future years' resources. While the activity is unfunded, we still record an expense, which creates the negative Cumulative Results of Operations since we do not record an associated financing source.

STATEMENT OF BUDGETARY RESOURCES: The Statement of Budgetary Resources, located in the *Financial Section* of this report, provides information on the budgetary resources available to our agency for the year and shows the status of those resources at the end of FY 2022. The Statement shows that we had $1,370.5 billion in budgetary resources, of which $5.5 billion remained unobligated at year-end. We recorded total net outlays of

$1,282.1 billion by the end of the year. Budgetary resources increased $116.0 billion, or 9.3 percent, from FY 2021, while net outlays increased $89.6 billion, or 7.5 percent. The increase in budgetary resources is primarily due to the increase in tax revenues collected by the OASDI Trust Funds in FY 2022. The increase in net outlays is primarily due to an increase in the number of OASI beneficiaries and the 5.9 percent COLA provided to beneficiaries in 2022.

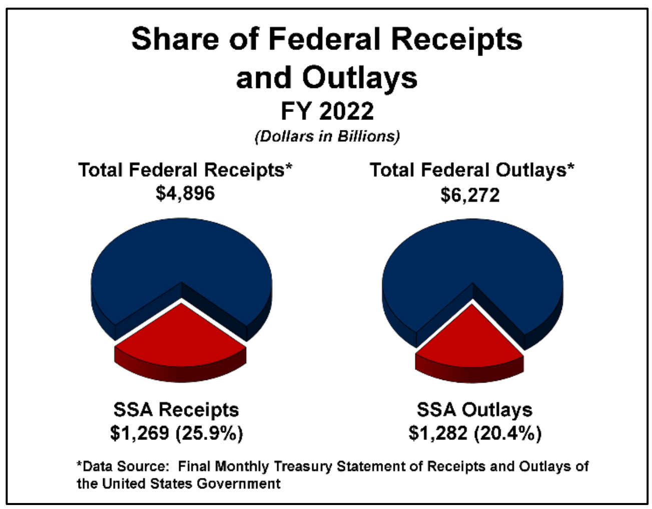
USE OF ADMINISTRATIVE RESOURCES

The chart to the right displays the use of all administrative resources (including general operating expenses) for FY 2022 in terms of the programs we administer or support. Although the DI program comprises only 11.4 percent of the total benefit payments we make, it consumes 19.8 percent of annual administrative resources. Likewise, while the SSI program comprises only 4.6 percent of the total benefit payments we make, it consumes 32.1 percent of annual administrative resources. State disability determination services decide whether the claimants for DI and SSI disability benefits are disabled. In addition, disability determination services perform continuing disability reviews of individuals receiving DI and SSI disability payments to ensure continued eligibility for benefits. The FY 2021 use of administrative resources by program was 27.6 percent for the OASI program, 19.8 percent for the DI program, 32.8 percent for the SSI program, and 19.8 percent for Other.



SHARE OF FEDERAL OPERATIONS

The programs we administer constitute a large share of the total receipts and outlays of the Federal Government, as shown in the chart to the right. Receipts for our programs in FY 2022 represented 25.9 percent of the $4.9 trillion in total Federal receipts, a decrease of 2.3 percent from last year. SSA Outlays increased by 2.9 percent to 20.4 percent of Federal outlays. SSA outlays increased in FY 2022 compared to FY 2021 by $89.6 billion, while Federal outlays decreased by $546.7 billion.



Overview of Social Insurance Data

Table of Key Social Insurance Measures[1]
(Dollars in Billions)

Statements of Social Insurance Old-Age, Survivors, and Disability Insurance (OASDI) (calendar year basis)			
	2022	2021	2020
Present value of future net cash flows[2] for current and future participants over the next 75 years (open group measure), current year valuation	$(23,301)	$(22,742)	$(19,696)
Present value of future net cash flows[2] for current and future participants over the next 75 years (open group measure), prior year valuation	$(22,742)	$(19,696)	$(16,764)
Change in present value[3]	$(560)	$(3,045)	$(2,932)

Notes:

1. Totals do not necessarily equal the sum of rounded components.
2. Present values used in this presentation are based on the full amounts of estimated noninterest income and the cost of providing benefits at the levels scheduled under current law, even after the OASI and DI Trust Fund reserves are depleted. Future net cash flows are estimated over the appropriate 75-year period.
3. We provide high-level descriptions of the reason for the change in present value from year to year in the Statement of Changes in Social Insurance Amounts subsection on the following page.

Statements of Social Insurance: The Statements of Social Insurance, located in the *Financial Section* of this report, present the following estimates:

- The present value of estimated future noninterest income to be received from or on behalf of current participants who have attained retirement eligibility age (i.e., age 62 and over) and the estimated future cost of providing scheduled benefits to those same individuals;
- The present value of estimated future noninterest income to be received from or on behalf of current participants who have not yet attained retirement eligibility age (i.e., ages 15–61) and the estimated future cost of providing scheduled benefits to those same individuals;
- The present value of estimated future noninterest income less estimated future cost for the closed group, which represents all current participants who attain age 15 or older in the first year of the projection period, plus the reserves in the combined OASI and DI Trust Funds as of the beginning of the valuation period;
- The present value of estimated noninterest income to be received from or on behalf of future participants (those under age 15 and to be born during the period) and the cost of providing scheduled benefits to those same individuals; and
- The present value of estimated future noninterest income less estimated future cost for the open group, which represents all current and future participants (including those to be born during the projection period) who are now participating or are expected to eventually participate in the OASDI programs, plus the reserves in the combined OASI and DI Trust Funds as of the beginning of the valuation period.

Estimated future noninterest income shown in the bullets above consists of payroll taxes from employers, employees, and self-employed persons; revenue from Federal income-taxation of scheduled OASDI benefits; and miscellaneous reimbursements from the General Fund of the Treasury. It does not include interest income on reserves held in the combined OASI and DI Trust Funds. The estimated future cost shown in the bullets above includes benefit amounts scheduled under current law, administrative expenses, and net transfers with the Railroad Retirement program.

The present value of estimated future net cash flows (estimated noninterest income less estimated cost for scheduled future benefits) for all current and future participants over the next 75 years (open group measure) decreased from -$22.7 trillion, as of January 1, 2021, to -$23.3 trillion, as of January 1, 2022. The deficit, therefore, increased in magnitude by about $0.6 trillion. Including the reserves in the combined OASI and DI Trust Funds increases this open group measure by about $2.9 trillion, to -$20.4 trillion, for the 75-year valuation period.

The present value of estimated future net cash flows for all current participants (who attain age 15 or older in the first year of the projection period) over the next 75 years, plus the reserves in the combined OASI and DI Trust Funds as of the beginning of the period, is -$44.8 trillion (closed group measure). Including future participants (those under age 15 and to be born during the projection period) over the next 75 years decreases the projected deficit by $24.4 trillion to the open group measure of -$20.4 trillion.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS: The Statements of Changes in Social Insurance Amounts, located in the *Financial Section* of this report, reconcile the changes (between the current valuation period and the prior valuation period) in the present value of estimated future noninterest income less estimated future cost for current and future participants (the open group measure) over the next 75 years. This reconciliation identifies significant components of the changes and provides reasons for the changes.

FROM JANUARY 1, 2021 TO JANUARY 1, 2022: Changes in the present value of estimated future net cash flows for this valuation are due to the following factors:

- Advancing the valuation date by one year and including the additional year, 2096, by itself decreased the present value of estimated future cash flows by $0.7 trillion;
- Changes in demographic data, assumptions, and methods decreased the present value of estimated future net cash flows by $0.3 trillion;
- Changes in economic data, assumptions, and methods decreased the present value of estimated future net cash flows by $0.2 trillion;
- Changes in programmatic data and methods increased the present value of estimated future net cash flows by $0.6 trillion; and
- Changes in law or policy had a negligible effect on the present value of estimated future net cash flows.

Significant changes made for this valuation included:

- Increasing near-term real interest rates;
- Updating economic starting values and near-term growth assumptions to reflect the stronger-than-expected recovery from the pandemic-induced recession;
- Increasing the level of potential gross domestic product (GDP) for years 2021 and later by roughly 1 percent, reflecting the strong recovery and the expectation of a permanent level shift in total economy labor productivity;
- Lowering the ultimate disability incidence rate from 5.0 to 4.8 per thousand exposed, and changing the near-term path to reach that lower ultimate rate; and
- Increasing near-term and ultimate levels of revenue from income taxation of OASDI benefits.

FROM JANUARY 1, 2020 TO JANUARY 1, 2021: Changes in the present value of estimated future net cash flows for this valuation are due to the following factors:

- Advancing the valuation date by one year and including the additional year, 2095, by itself decreased the present value of estimated future cash flows by $0.7 trillion;
- Changes in demographic data, assumptions, and methods increased the present value of estimated future net cash flows by $0.2 trillion;

- Changes in economic data, assumptions, and methods decreased the present value of estimated future net cash flows by $1.2 trillion;
- Changes in programmatic data and methods decreased the present value of estimated future net cash flows by $1.2 trillion; and
- Changes in law or policy decreased the present value of estimated future net cash flows by less than $0.1 trillion.

Significant changes made for this valuation included:

- Lowering the near-term fertility rates;
- Increasing the ultimate total fertility rate from 1.95 to 2.00 children per woman, in conjunction with switching from a period-based model approach to a cohort-based model for birth rates;
- Increasing near-term death rates to account for the elevated deaths during the Coronavirus Disease 2019 (COVID-19) pandemic;
- Adding a cause of death category (by separating dementia out from the all-other-causes category) and updating the ultimate mortality improvement rate assumptions for certain causes of deaths and age groups;
- Lowering the ultimate age-sex adjusted unemployment rate from 5.0 percent to 4.5 percent, in conjunction with updating the model for projecting labor force participation to incorporate the latest complete economic cycle;
- Increasing the average real wage differential from 1.14 percent to 1.15 percent; and
- Updating economic starting values and near-term growth assumptions to reflect the COVID-19 pandemic and the ensuing economic recession, in particular lowering near-term real interest rates and lowering the level of potential GDP by roughly 1 percent beginning with the second quarter of 2020.

OASI AND DI TRUST FUND SOLVENCY

Significant uncertainty surrounds the estimates for the Statements of Social Insurance. In particular, the actual future values of demographic, economic, and programmatic factors are likely to be different from the near-term and ultimate assumptions used in the projections. Some examples of sources of near-term uncertainty include the path of the recovery from the COVID-19 pandemic and unanticipated changes in inflation, earnings growth, and interest rates. Such near-term effects do not generally have significant effects on the long-term values shown in the Statements of Social Insurance. Some examples of sources of long-term uncertainty include the effects of climate change, levels of future government spending and taxation, and possible future global events and technical advances. To illustrate the uncertainty of the projections, we include sensitivity analysis on a range of long-term assumptions in the *Required Supplemental Information: Social Insurance* section of this report.

PAY-AS-YOU-GO FINANCING

The OASI and DI Trust Funds are deemed solvent as long as reserves are sufficient to finance program obligations in full and on a timely basis. Such solvency is indicated, for any point in time, by the maintenance of positive OASI and DI Trust Fund reserves. Beginning in 2021, program obligations for the OASDI program have exceeded income, including interest income on reserves held in the combined OASI and DI Trust Funds, therefore, the combined OASI and DI Trust Fund reserves have declined. The reserves are projected to continue to decline until reserves become depleted in 2035.

The following table shows that the combined OASI and DI Trust Fund reserves, expressed in terms of the number of months of program obligations that these reserves could finance, has been declining slowly. This measure indicates the ability of the OASI and DI Trust Funds to cover most short-term financial contingencies. The number of months that the reserves of the combined OASI and DI Trust Funds could finance was 33.2 months at the end of FY 2018, declining to 31.8 months at the end of FY 2019, to 30.8 months at the end of FY 2020, and to estimated values of 28.1 and 25.9 months at the end of FY 2021 and FY 2022, respectively.

Number of Months of Cost Fiscal-Year-End Trust Fund Reserves Can Pay[1,2]

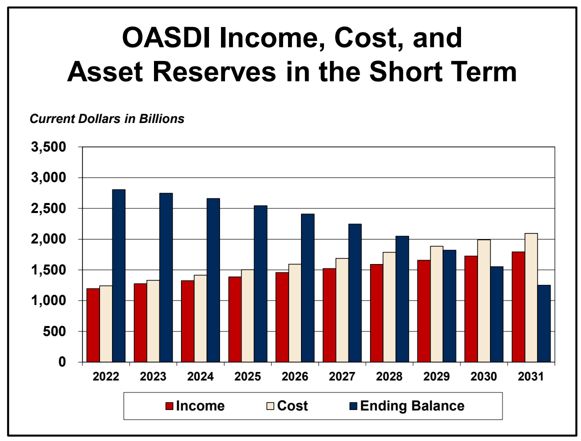
	2022	2021	2020	2019	2018
OASI	28.1	30.8	34.0	35.5	37.5
DI	9.0	8.1	8.1	7.9	7.6
Combined	25.9	28.1	30.8	31.8	33.2

Notes:

1. Computed as 12 times the ratio of end-of-year reserves to cost in the following fiscal year.
2. Values for FY 2021 and FY 2022 are estimates based on the intermediate set of assumptions of the 2022 Trustees Report.

Short-Term Financing

Having trust fund reserves at the beginning of a year at least equal to the projected cost for that year is a good indication that a trust fund can cover most short-term contingencies. Beyond this rough indication, the annual Trustees Reports also include some formal tests to assess financial status. Projections in the 2022 Trustees Report indicate that, on a hypothetical combined basis, the OASI and DI Trust Funds fail the test of short-range financial adequacy, and are therefore not sufficiently financed over the next 10 years. Under the intermediate set of assumptions of the 2022 Trustees Report, OASDI estimated costs of $2,095 billion and income of $1,792 billion for 2031 are 83 percent and 65 percent higher than the corresponding amounts in 2021 ($1,145 billion and $1,088 billion, respectively). From the end of 2021 to the end of 2031, combined OASI and DI Trust Fund reserves are projected to decrease by 56 percent, from $2.9 trillion to $1.3 trillion.



Long-Term Financing

Social Security's financing is not projected to be sustainable over the long term with the tax rates and benefit levels scheduled in current law. Under the intermediate set of assumptions of the 2022 Trustees Report, program costs will exceed noninterest income in all years of the 75-year projection period. The combined OASI and DI Trust Fund reserves are projected to be depleted in 2035. Tax revenues are projected to be sufficient to support expenditures at a level of 80 percent of scheduled benefits after the combined OASI and DI Trust Fund depletion in 2035, declining to 74 percent of scheduled benefits in 2096.

The primary reasons for the projected long-term inadequacy of financing under current law relate to changes in the demographics of the United States: birth rates dropping substantially after 1965, retirees living longer, and baby boomers beginning their retirements. In present value terms, the 75-year shortfall is $20.4 trillion, which is 3.24 percent of taxable payroll and 1.1 percent of GDP over the same period. Some of the possible reform alternatives being discussed–singularly or in combination with each other–are:

- Increasing payroll taxes;
- Slowing the growth in benefits;
- Finding other revenue sources (such as general revenues); or

- Increasing expected returns by investing the OASI and DI Trust Fund reserves, at least in part, in private securities.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements beginning on page 43 are prepared to report the financial position, financial condition, and results of operations of the Social Security Administration, consistent with the requirements of 31 United States Code 3515(b). The statements are prepared from records of the Social Security Administration in accordance with Federal generally accepted accounting principles and the formats prescribed by the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Analysis of Systems, Controls, and Legal Compliance

Management Assurances

Fiscal Year 2022 Acting Commissioner's Assurance Statement

SSA management is responsible for managing risks and maintaining effective internal control and financial management systems (FMS) to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act* (FMFIA). We conducted our assessment of risk and internal control in accordance with the requirements of Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Our assessment considered the design and operating effectiveness of our data quality controls to ensure they support *Digital Accountability and Transparency Act* reporting objectives as outlined in our *Data Quality Plan*. Based on the assessment results, we can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2022.

The agency's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. Generally Accepted Accounting Principles. Management is also responsible for designing, implementing, and maintaining effective internal control over financial reporting. An entity's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

We conducted our assessment of the effectiveness of internal control over financial reporting, based on criteria established in the *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States. Based on the assessment results, we concluded that, as of September 30, 2022, SSA's internal control over financial reporting is effective.

The *Federal Financial Management Improvement Act of 1996* (FFMIA) requires Federal agencies to implement and maintain FMSs that comply substantially with: 1) Federal FMS requirements; 2) applicable Federal accounting standards; and 3) the U.S. Standard General Ledger at the transaction level. We assessed our FMSs in accordance with the requirements of OMB Circular No. A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996*. Based on the assessment results, we determined our FMSs substantially comply with FFMIA and conform to the objectives of FMFIA. In making this determination, we considered all available information, including the auditor's opinion on our fiscal year 2022 financial statements, the report on the effectiveness of internal controls over financial reporting, and the report on compliance with laws and regulations. We also considered the results of the FMS reviews and management control reviews conducted by the agency and its independent contractor.

Kilolo Kijakzi

Kilolo Kijakzi, Ph.D., M.S.W.
Acting Commissioner
November 10, 2022

AGENCY FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT PROGRAM

We have a well-established, agency-wide management control and financial management systems (FMS) program as required by the *Federal Managers' Financial Integrity Act* (FMFIA). We accomplish the objectives of the program by:

- Integrating management controls into our business processes and FMSs at all organizational levels;
- Reviewing our management controls and FMS controls on a regular basis; and
- Developing corrective action plans for control weaknesses and monitoring those plans until completion.

We incorporate effective internal controls into our business processes and FMSs through the life cycle development process. We incorporate the necessary controls into the user requirements, certify the controls are in place by having management review the new or changed processes and systems, and test the controls prior to full implementation to ensure they are effective.

We identify management control issues and weaknesses through audits, reviews, studies, and observations of daily operations. We conduct internal reviews of management and systems security controls in our administrative and programmatic processes and FMSs. These reviews evaluate the adequacy and efficiency of our operations and systems, and provide overall assurance that our business processes are functioning as intended. The reviews also ensure management controls and FMSs comply with the standards established by FMFIA, the *Federal Financial Management Improvement Act of 1996*, and Office of Management and Budget (OMB) Circular Nos. A-123 and A-130. Throughout the fiscal year, management control issues and weaknesses are reviewed individually and in the aggregate to determine if a reportable condition exists.

Our managers are responsible for ensuring effective internal control in their areas and communicating possible reportable conditions as necessary. We require senior-level executives to submit annual statements to the Acting Commissioner providing reasonable assurance that functions and processes under their areas of responsibility were functioning as intended and that there were no major weaknesses that would require reporting, or a statement indicating they could not provide such assurance. This executive accountability assurance provides an additional basis for the Acting Commissioner's annual assurance statement.

Our Executive Internal Control Committee, consisting of senior managers, ensures our compliance with FMFIA and other related legislative and regulatory requirements. The Executive Internal Control Committee evaluates identified major control weaknesses to determine if they are material, and if the Acting Commissioner must make a final determination on whether to report them.

For more information, please refer to the Summary of Financial Statement Audit and Management Assurances located in the *Other Information* section of this report.

MANAGEMENT CONTROL REVIEW PROGRAM

In compliance with OMB Circular No. A-123, we have an agency-wide review program for management controls in our administrative and programmatic processes. The reviews encompass our business processes, such as enumeration, earnings, claims and post-entitlement events, and debt management. We conduct these reviews at our field offices, processing centers, hearings offices, and at the State disability determination services. These reviews indicate our management control review program is effective in meeting management's expectations for compliance with Federal requirements.

FINANCIAL MANAGEMENT SYSTEMS REVIEW PROGRAM

The agency maintains an FMS inventory and conducts reviews of the FMSs to ensure they meet Federal requirements. In addition to our financial systems, we include all major programmatic systems in the FMS inventory. On a three-year cycle, an independent contractor performs detailed reviews of our FMSs. During fiscal year (FY) 2022, the results of these reviews did not disclose any significant weaknesses that would indicate noncompliance with laws, Federal regulations, or Federal standards.

Government Accountability Office's, Standards for Internal Control in the Federal Government

In FY 2022, we engaged an independent accounting firm to assess our compliance with the revised Government Accountability Office's (GAO), *Standards for Internal Control in the Federal Government*. The standards provide the internal control framework and criteria that Federal managers should use to design, implement, and operate an effective internal control system that will provide us with reasonable assurance that we will achieve our operations, reporting, and compliance objectives. Based on the procedures performed, the independent accounting firm concluded we have an adequately designed system of internal controls that meets the GAO's standards.

Enterprise Risk Management

We continue to mature our Enterprise Risk Management (ERM) program in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. We have implemented a multi-year strategy that will further integrate our existing internal control and risk management frameworks with our strategic planning and review processes. During FY 2022, we began developing a training series to increase awareness of ERM and risk concepts among different levels of the agency and explain how to apply the training content to further ERM maturity. The first training, ERM 101, is planned for release in FY 2023. Additionally, we are having more robust risk discussions at all levels of the organization, including roundtable discussions at the executive and staff levels. We have improved documentation surrounding risk discussions and have identified gaps within our risk hierarchy that we are working to correct.

Financial Statement Audit

The Office of the Inspector General (OIG) contracted with Grant Thornton LLP (Grant Thornton) for the audit of our FY 2022 financial statements. Grant Thornton found we present fairly the basic financial statements, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for Federal entities.

Grant Thornton also found that the sustainability financial statements, which comprise the Statement of Social Insurance as of January 1, 2022, and the Statement of Changes in Social Insurance Amounts for the period January 1, 2021 to January 1, 2022, are presented fairly, in all material respects, in accordance with U.S. GAAP.

Grant Thornton found we maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022, based on the criteria established in the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States.

In this year's financial statement audit, Grant Thornton cited three significant deficiencies identified in prior years. These significant deficiencies concern internal control over certain financial information systems controls, information systems risk management, and internal control over accounts receivable with the public (benefit overpayments). We resolve the deficiencies identified by audits through risk-based corrective action plans to mitigate risks and strengthen our control environment.

For more information on the auditors' findings and our plans to correct the findings, please refer to the *Report of Independent Certified Public Accountants* section of this report.

Federal Information Security Modernization Act

The *Federal Information Security Management Act of 2002* (FISMA), as amended by the *Federal Information Security Modernization Act of 2014*, requires Federal agencies to ensure adequate security protections for Federal information systems and information. Under this act, Federal agencies must submit annual FISMA reports to OMB. We submitted this year's report timely. Our report summarizes the results of our security reviews of major information systems and programs, our progress on meeting the Administration's cybersecurity priorities, and the results of other work performed during the reporting period using government-wide cybersecurity performance measures.

For the FY 2022 FISMA audit, Grant Thornton acknowledged our risk-based approach to strengthening the agency's information system security program and recognized our continued efforts to improve and mature our information security program and practices to protect against cybersecurity threats. For FY 2022, they issued an overall Not Effective rating for our program. According to the FY 2022 Core Inspector General (IG) FISMA Metrics criteria, Level 4, Managed and Measurable, is considered to be an effective level of security at the overall program level. While we agree with many of Grant Thornton's high-level recommendations for continuous program improvement, we regard our program as Effective, especially when factoring in our real-world experience and performance with protecting our network and systems from multiple critical threats and vulnerabilities impacting the Federal enterprise. While the IG FISMA Metrics are strongly encouraged for use as evaluation criteria, it is our understanding that they were not designed to be the sole determinant of maturity. As established in OMB's FY 2022 Core IG Metrics Implementation Analysis and Guidelines document, "While the determination of effectiveness can be established based on the results of the IG metrics, IGs should continue to consider their own assessment of unique missions, resources, and challenges faced by the agency when assessing the maturity of information security programs."

New for FY 2022, we earned Effective ratings in the Data Protection & Privacy and Security Training domains. Our improvement in these areas affirms our consistent and effective implementation of related programs. We concur with Grant Thornton's continued acknowledgement of an Effective rating for our Incident Response program, further demonstrating our commitment to ensure protections are in place to battle an evolving threat landscape. Our response to these evolving threats and well publicized exploits of corporate and government targets in FY 2022 demonstrates our capabilities to protect the agency's information technology (IT) assets.

As evidenced by our improved FY 2022 scores, we continuously enhance our cybersecurity controls and elevate our maturity levels. We understand the importance of effective enterprise cyber governance and oversight, and in FY 2022, we leveraged our Information System Security Officers (ISSO) to enhance security governance throughout headquarters as well as our distributed sites. During the fiscal year, our ISSOs documented the critical security controls and developed system security plans for our regional systems. We directly attribute many of our improved FISMA scores to the hard work and diligence of our ISSO program.

As part of our cybersecurity planning, we work in close cooperation with our senior management, budget and procurement stakeholders, and program leads to plan and prioritize the required funding and staffing resources. Through FY 2023, we will continue to support multiple investments in key areas of Risk Management, Configuration Management, Identity and Access Management, and Continuous Monitoring. Many of these initiatives require multi-year investments to fully meet the criteria established for an Effective program, as designated by the metrics. Through these investments, we continue to make substantial improvements and progress in enhancing the overall effectiveness of our cybersecurity program.

We are confident that our proactive planning, coupled with responsiveness to external assessments, strong executive support, and continuous process improvement, provide the foundation for achieving higher maturity ratings. We look forward to continued engagement with our OIG on our shared goal of protecting the confidentiality, integrity, and availability of our IT assets.

Financial Management Systems Strategy

Over the years, we have worked hard to improve our financial management practices. We continue to develop initiatives to enhance the existing financial and management information systems. Our actions demonstrate discipline and accountability in the execution of our fiscal responsibilities as stewards of the Social Security programs. Going forward, our goal is to achieve government-wide and internal financial management milestones established for improvement.

Annually, we review and update our FMS inventory to reflect the status of our systems modernization projects. We categorize our inventory of FMSs under the broad headings of Program Benefits, Debt Management, or Financial/Administrative and continue the long-term development of our FMSs following a defined strategy.

In FY 2018, we began modernization efforts to build a new Debt Management System (DMS). This IT investment is a multi-year effort that will build a comprehensive overpayment system enabling us to record, track, collect, and report our overpayments more efficiently.

The Debt Management Product is a modernization effort focused not only on a new DMS, but also on modernizing the way we do business and offer services to the public. This includes updating our accounting and reporting for delinquent and unproductive debts, streamlining our current manual remittance process, and providing modern platforms and electronic services for those individuals seeking to pay the agency, such as utilizing online payment methods. These actions will make it easier for our recipients to interact with us.

For the Financial/Administrative systems category, the Social Security Online Accounting and Reporting System (SSOARS) has been our accounting system of record since implementation in 2003. SSOARS is a federally certified accounting system based on Oracle Federal Financials and consists of core accounting, payables, purchasing, receivables, iStore, and WebCenter. SSOARS produces management information reports and provides real-time integration with administrative and programmatic systems for obligations and payments.

In FY 2022, we implemented Unique Entity Identifier compliance for the System for Award Management vendor information. We moved to Edge support for SSOARS, meaning all SSOARS components are now native Edge compliant, and we implemented our initial release of G-Invoicing functionality. We upgraded the Fusion Middleware (FMW) version for WebCenter and Business Intelligence Publisher and the Service Oriented Architecture database version. Additionally, SSOARS was upgraded to handle the increased size of Disaster Emergency Fund Codes (DEFC) values, and we made related changes to *Digital Accountability and Transparency Act of 2014* (DATA Act) reporting to use the new DEFC values.

In FY 2023, we plan to upgrade the underlying Oracle E-Business Suite database version from 12c to 19c and complete the last components of FMW patching. We expect additional releases to G-Invoicing to support functionality fixes, recent patches from Oracle, and late FY 2022 Treasury changes to G-Invoicing to support G-Invoicing changes expected in FY 2023. Finally, we will work with a vendor to complete an analysis of SSOARS rehosting options, as some of the current SSOARS hardware is approaching 10 years of age.

Digital Accountability and Transparency Act

We submitted and certified the required reports for the DATA Act for the fourth quarter of FY 2021 and the first, second, and third quarters of FY 2022. These reports were submitted monthly as required by OMB Memorandum M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*. Additionally, we have submitted the required reports for July, August, and September 2022.

We are continuing to engage with the DATA Act community to develop improvements to the DATA Act Information Model Schema (DAIMS). We participate in workgroups to develop policy, guidance, and new reporting requirements. The DATA Act effort will continue to enhance our transparency through improved consistency. In addition, we are providing more detailed data to USASpending.gov and additional data to Treasury. For FY 2022, we implemented DAIMS 2.1 and 2.1.2. We have already implemented the changes for DAIMS 2.2 and 2.2.1, which are required for FY 2023.

In compliance with OMB Memorandum M-18-16, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk,* we have developed a *Data Quality Plan* to ensure we have effective internal controls over the input and validation of data submitted to USAspending.gov. We leverage our existing FMFIA program activities to identify critical risk points and corresponding mitigating controls, and assess the design and operating effectiveness of our data quality controls to ensure they support DATA Act reporting objectives. We also consider the results of our assessment in our FMFIA annual assurance statement process.

The DATA Act has provided the agency a tool to remove the silos for the various lines of business that are impacted by the DATA Act. There is a coordinated effort between finance, budget, acquisition, and financial assistance to make sure our spending data links between the various systems. This allows a link from budget formulation to award issuance to funds disbursement.

USAspending.gov displays the number of unlinked awards submitted for each period for both contracts and financial assistance. In FY 2022, we had 1,114 unlinked awards and 95 percent of these awards were either zero dollar or micro-purchase. These unlinked awards link internally, but due to reporting requirements, do not link externally on USAspending.gov. In FY 2021, we had 1,273 unlinked awards and 98 percent of these awards were either zero dollar or micro-purchase.

Since the first DATA Act reporting period, 2nd quarter of FY 2017, we have reported on every Treasury Account Symbol and have not had a reporting difference in obligations.

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Financial Section

SSA.gov

A Message from the Chief Financial Officer

I am pleased to join Acting Commissioner Kijakazi in presenting our fiscal year (FY) 2022 *Agency Financial Report* (AFR). This report highlights our accomplishments throughout FY 2022 in ensuring equity and accessibility in delivering Social Security services by improving the customer experience and addressing systemic barriers to participation in our programs and demonstrates our commitment to accountability and transparency.

For the 29th consecutive year, we received an unmodified audit opinion on our financial statements from our independent auditors. An unmodified audit opinion confirms that our statements present fairly our financial position and are free of material misstatement. Our independent auditors also issued an unmodified opinion on the effectiveness of our internal control over financial reporting. They determined that we had no material weaknesses yet continued to cite three significant deficiencies identified in prior years. The significant deficiencies concern internal control over certain financial information systems controls, information systems risk management, and internal control over accounts receivable with the public (benefit overpayments).

We resolve the deficiencies identified by audits through risk-based corrective action plans to mitigate risks and strengthen our control environment. We focus on increasing cross-component collaboration by involving subject matter experts and leaders across the agency. Our independent auditors noted areas of progress we made in remediating elements of these significant deficiencies. However, we continue to face challenges, such as the ever-changing cybersecurity landscape in which we operate and the allocation of limited resources. Many elements of our remediation plans will take time to implement. Nonetheless, we remain committed to continuous improvement. We provide additional information on the auditors' findings and our corrective actions in the *Analysis of Systems, Controls, and Legal Compliance* and *Report of Independent Certified Public Accountants* sections of this report.

For the 24th consecutive year, we received a Certificate of Excellence in Accountability Reporting from the Association of Government Accountants for our FY 2021 AFR. Continuing this streak of financial management excellence is an unprecedented accomplishment in the Federal government and demonstrates our focus on being responsible stewards of the funds entrusted to us by the American public.

As good stewards, we continue to look for ways to do business better, by addressing the root causes of improper payments, improving payment accuracy, bolstering full and open competition in the acquisition and grants process, and applying sound management principles to our everyday work.

Our accomplishments this fiscal year would not have been possible without our dedicated and hardworking employees. They are essential to providing outstanding service to the public and the continued success of our financial management program. For additional information on how the Office of the Chief Financial Officer contributed to accomplishing our mission, please refer to the *Financial Management Initiatives Advancing Our Mission* section beginning on the following page.

Respectfully,

Michelle A. King

Baltimore, Maryland
November 10, 2022

Financial Management Initiatives Advancing Our Mission

Our Chief Financial Officer also serves as the Performance Improvement Officer. This dual role provides oversight to the full life cycle of agency initiatives and goals – from the development of the *Agency Strategic Plan,* which drives budget decisions and annual performance plans, to the financial management of resources and performance reporting. The mission of the Office of the Chief Financial Officer (OCFO) is financial management excellence. The following are key financial management initiatives that advance this mission and the agency's mission, Strategic Goals, and Objectives:

Debt Management

- **Remittance Modernization to Improve Service Delivery**: OCFO is leading our remittance modernization efforts. Historically, our remittance process was a largely manual paper workload handled by our Mid-Atlantic Program Service Center (MATPSC). The MATPSC remittance process requires a method of payment (check, money order, or debit or credit card) and a corresponding payment coupon necessary to update a debtor's record. In fiscal year (FY) 2021, as part of the Debt Management Product, we implemented several improvements to our remittance process.
    - **Pay.gov**: In January 2021, we partnered with the Department of the Treasury's (Treasury) Pay.gov team to implement our first online repayment option for Old-Age, Survivors, and Disability Insurance beneficiaries and Supplemental Security Income (SSI) recipients to repay benefit overpayments via credit or debit card and an automated clearing house (ACH) (i.e., a checking or savings account). In FY 2022, we processed 456,000 remittances and collected $92 million through Pay.gov.
    - **Lockbox Service**: Also, in January 2021, we partnered with Treasury to use U.S. Bank, a financial agent for Treasury, to implement a lockbox service to assist with our paper remittance processing efforts. In February 2021, we began routing paper remittances to the lockbox for processing, which relieved our Remittance Accounting Unit, and allowed them to focus on other workloads. In FY 2022, we processed 264,000 remittances and collected $69 million through the lockbox service.
    - **Online Bill Pay**: In July 2021, we implemented Online Bill Pay (OLBP), allowing overpaid individuals to make a one-time or recurring ACH draft from a bank account using a personal computer or mobile phone. Prior to this implementation, OLBP remittances defaulted to paper checks. In FY 2022, we processed 18,000 remittances and collected $2.5 million through OLBP.

  These new remittance channels, combined with our previously implemented Social Security Electronic Remittance System, now process over 60 percent of our remittances.

Public Service

- **Office Reentry and Keeping Employees and the Public Safe**: Our highest priority has been to provide mission-critical service while safeguarding the health of the public and our employees. At the beginning of FY 2022, we were conducting most workloads through online, telephone, and video services, with limited in-office service for critical situations. Last April, we expanded in-person services and prepared for pent-up demand that grew during the pandemic Throughout FY 2022, OCFO partnered with the General Services Administration (GSA) and our operational components to provide agency-wide leadership, guidance, and support on Coronavirus Disease 2019 issues related to reentry to the workplace, including the acquisition of KN95 masks for employees, the installation of permanent and temporary barriers to protect the public and our employees, and the purchase of air purifiers to improve ventilation in public and employee spaces. Our guidance aligned with the Centers for Disease Control and Prevention (CDC) guidance to ensure we provide a safe and healthy work environment for our employees and the public. We also assisted in the procurement, design, production, and distribution of approximately 8,000 reentry signage products to the field, including window posters, A-frame signs, and over 31.7 million educational materials, including fact sheets and business cards. These signage products align with CDC guidance, educate the public on available online services, and keep essential in-person operations functioning smoothly. As necessary in support of reentry, we continue to promptly issue micro-purchase policy to agency purchase cardholders through our acquisition alert method.

EFFICIENCY

- **COMPASSIONATE AND RESPONSIVE SERVICE PLAN**: In FY 2022, as a result of our Compassionate And REsponsive Service plan, we reduced the hearings backlog to the lowest level in over 20 years. In FY 2022, we received $55 million in dedicated funding to reduce the hearings backlog. Over the last six years, Congress has provided $495 million in special funding dedicated to address the hearings backlog. From budget planning, execution, and reporting, to providing ongoing medical and vocational contractual support for hearings cases, OCFO remains engaged to improve the hearings process.
- **NON-PUBLIC FACING FACILITIES**: OCFO continues to identify opportunities to improve the use of space at our non-public facing facilities, while simultaneously reducing costs. In FY 2022, we continued to move employees from our Security West (SW) building onto our Headquarters campus in order to vacate the SW building at the end of FY 2023 – one year ahead of schedule. Once complete, this project will yield $17 million in annual lease cost savings. Additionally, we collaborated with GSA and our regional staff to return space at the Columbia Center in Seattle, Washington, resulting in $900,000 in annual rent savings. We continue to work with GSA and our regional staff to evaluate our space needs.
- **ROBOTIC PROCESS AUTOMATION**: Over the last few years, OCFO has implemented several robotic process automations (RPA) that have resulted in significant time savings. In FY 2020, OCFO implemented an RPA that allowed for the automated posting of returned SSI payments, made after death, to the SSI Record. In FY 2022, this RPA automatically posted over 39,000 transactions, averaging 3 seconds per transaction, versus the 3 minutes per transaction required in the previous manual process. OCFO also added an RPA that verifies the automated posting of returned SSI payments, made after death, to the SSI Record. Under the manual verification process, we processed an average of 20,000 returned payments annually, spending approximately 5 minutes per transaction. In FY 2022, the RPA processed over 35,000 verifications, averaging about 20 seconds per transaction.

  In addition, OCFO implemented another RPA effort in FY 2022 to automate data entry for accounting entries into our agency's accounting system based on approved journal vouchers. Journal vouchers are used to record 500 accounting transactions that are necessary for financial reporting. We have to create each journal voucher for review and approval and then key it into the accounting system. To reduce the duplicative data entry of the journal voucher review and approval form and subsequent keying in the accounting system, OCFO created an RPA to load the approved data into the accounting system. We implemented this RPA in April 2022, which resulted in RPA automatically processing over 1,100 journal vouchers, or around 4,500 unique accounting entries. The RPA saves a little over one minute and thirty seconds; therefore, the overall time savings as a result of the RPA was roughly 113 hours for half a year's worth of transactions. Next year, we expect to double this time savings as the process runs for the full year. With this time savings, OCFO has seen much more detailed transactions being created on the front end of the journal voucher process as the accountants have more time on the front end to do research and analysis because they do not have to key transactions twice. This has also sped up our monthly financial reporting timeline.

- **Climate Change**: In support of the Administration's goal to combat the climate crisis, OCFO developed the Climate Action Plan (CAP) Progress Report, published in August 2022. Our CAP Progress Report documents the agency's progress on our planned efforts and initiatives to address climate change. Specifically, our CAP Progress Report provides an update on developments from our initial 2021 CAP, which encourages employees and contractors to reduce energy consumption, water usage, and the amount of waste produced. We also have an internal working group consisting of key stakeholders working to meet the clean and zero-emission vehicles mandate in Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*, and continue improving our understanding of climate change risks through interagency initiatives and the National Climate Task Force.
- **Central Print**: The OCFO is leading the agency's Central Print of Notices (CPN) initiative, an agency priority that decreases notices printed and mailed by front-line employees in our offices nationwide. CPN is a multi-year effort that supports the agency's future business delivery model and improves our stewardship of taxpayer funds. Specifically, CPN decreases front-line employee task time spent on handling notices, enabling these employees to focus on other mission critical services that support the public. In FY 2022, we moved two major notice workloads to CPN, resulting in approximately 8 million notices moved to a Government Publishing Office print vendor annually and yielding an annual estimated savings of $13 million that the agency can reinvest towards other agency priorities that support our front lines.

Internal Controls

- **Enterprise Risk Management**: During FY 2022, OCFO continued to mature our Enterprise Risk Management program in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. We have implemented a multi-year strategy that will further integrate our existing internal control and risk management frameworks with our strategic planning and review processes. Additionally, we are having more robust risk discussions at all levels of the organization, including roundtable discussions at the executive and staff levels. We have improved documentation surrounding risk discussions and have identified gaps within our risk hierarchy that we are working to correct.

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Financial Statements and Additional Information

Our financial statements and additional information for fiscal years (FY) 2022 and 2021 consist of the following:

- The **Consolidated Balance Sheets** present, as of September 30, 2022 and 2021, amounts of economic benefits we owned or managed (assets), amounts we owed (liabilities), and residual amounts we retained, comprising the difference (net position). We provide a Balance Sheet by major program as additional information.
- The **Consolidated Statements of Net Cost** present the net cost of operations for the years ended September 30, 2022 and 2021. Our net cost of operations includes the gross costs incurred less any exchange revenue earned from activities presented by our major programs. By disclosing the gross cost and net cost of the entity's programs, the Consolidated Statements of Net Cost provide information that can be related to the outputs and outcomes of programs and activities. We provide a Schedule of Net Cost to show the components of net cost activity as additional information.
- The **Consolidated Statements of Changes in Net Position** present the change in net position for the years ended September 30, 2022 and 2021. Changes to the two components of net position, Unexpended Appropriations and Cumulative Results of Operations, affect its balance. The Statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to net position as a whole. We provide a Schedule of Changes in Net Position to present the change in net position by major program as additional information.
- The **Combined Statements of Budgetary Resources** present the budgetary resources available to us, the status of these resources, and the outlay of budgetary resources for the years ended September 30, 2022 and 2021. We provide an additional Schedule of Budgetary Resources as Required Supplementary Information to present budgetary resources by major program.
- The **Statements of Social Insurance** present the present value for the 75-year projection period of the estimated Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) future noninterest income and cost expected to arise from the formulas specified in current law for current and future program participants. We present the difference between these values on both an open group and a closed group basis, both including and excluding the value of the combined OASI and DI Trust Fund reserves at the beginning of the period. We present this information for the current year and for each of the four preceding years.
- The **Statements of Changes in Social Insurance Amounts** reconcile the changes, from one 75-year valuation period to the next, in the present value for the 75-year projection period of the estimated OASI and DI future noninterest income less estimated future cost for current and future participants (the open group measure). The Statements show two reconciliations: (1) change from the period beginning on January 1, 2021 to the period beginning on January 1, 2022; and (2) change from the period beginning on January 1, 2020 to the period beginning on January 1, 2021. The Statements identify several categories of changes and provide reasons for significant changes in the accompanying notes.
- The **Required Supplementary Information: Social Insurance** presents required long-range cash flow projections, the long-range projections of the ratio of contributors to beneficiaries, and the sensitivity analysis illustrating the effect of the changes in the most significant assumptions on the actuarial projections and present values for the 75-year projection period of the OASI and DI programs. The financial and actuarial disclosures include a narrative describing the program. This narrative includes a description of program financing, details about how benefits are calculated, and an analysis of relevant trends.

Consolidated Balance Sheets as of September 30, 2022 and 2021
(Dollars in Millions)

Assets	2022	2021
Intragovernmental:		
Fund Balance with Treasury (Notes 3 and 4)	**$ 7,944**	$ 8,211
Investments (Note 5)	**2,854,202**	2,870,625
Accounts Receivable, Net (Note 6)	**1,226**	1,365
Advances and Prepayments (Note 8)	**119**	108
Total Intragovernmental	**2,863,491**	2,880,309
With the Public		
Accounts Receivable, Net (Notes 3 and 6)	**8,682**	8,636
General Property, Plant, and Equipment, Net (Note 7)	**4,830**	4,372
Total with the Public	**13,512**	13,008
Total Assets	**$ 2,877,003**	$ 2,893,317
Liabilities (Note 9)		
Intragovernmental:		
Accounts Payable	**$ 5,486**	$ 5,314
Advances from Others and Deferred Revenue	**0**	1
Other Liabilities	**4,073**	3,812
Total Intragovernmental	**9,559**	9,127
With the Public		
Accounts Payable	**267**	305
Federal Employee and Veteran Benefits Payable	**675**	715
Benefits Due and Payable	**126,202**	110,850
Advances from Others and Deferred Revenue	**13**	203
Other Liabilities	**124**	326
Total with the Public	**127,281**	112,399
Total Liabilities	**$ 136,840**	$ 121,526
Commitments and Contingencies (Note 9)		
Net Position		
Unexpended Appropriations - Funds from other than Dedicated Collections	**$ 4,862**	$ 4,889
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	**2,729,650**	2,761,448
Cumulative Results of Operations - Funds from other than Dedicated Collections	**5,651**	5,454
Total Cumulative Results of Operations	**2,735,301**	2,766,902
Total Net Position	**$ 2,740,163**	$ 2,771,791
Total Liabilities and Net Position	**$ 2,877,003**	$ 2,893,317

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Net Cost for the Years Ended September 30, 2022 and 2021
(Dollars in Millions)

	2022	2021
OASI Program		
Benefit Payment Expense	**$ 1,075,126**	$ 986,398
Operating Expenses (Note 11)	**4,209**	3,958
Total Cost of OASI Program	**1,079,335**	990,356
Less: Exchange Revenues (Note 12)	**(16)**	(20)
Net Cost of OASI Program	**$ 1,079,319**	$ 990,336
DI Program		
Benefit Payment Expense	**$ 146,259**	$ 139,818
Operating Expenses (Note 11)	**2,923**	2,846
Total Cost of DI Program	**149,182**	142,664
Less: Exchange Revenues (Note 12)	**(31)**	(34)
Net Cost of DI Program	**$ 149,151**	$ 142,630
SSI Program		
Benefit Payment Expense	**$ 58,581**	$ 53,918
Operating Expenses (Note 11)	**4,758**	4,704
Total Cost of SSI Program	**63,339**	58,622
Less: Exchange Revenues (Note 12)	**(261)**	(243)
Net Cost of SSI Program	**$ 63,078**	$ 58,379
Other		
Benefit Payment Expense	**$ 0**	$ 1
Operating Expenses (Note 11)	**2,911**	2,841
Total Cost of Other Program	**2,911**	2,842
Less: Exchange Revenues (Note 12)	**(12)**	(15)
Net Cost of Other Program	**$ 2,899**	$ 2,827
Total Net Cost		
Benefit Payment Expense	**$ 1,279,966**	$ 1,180,135
Operating Expenses (Note 11)	**14,801**	14,349
Total Cost	**1,294,767**	1,194,484
Less: Exchange Revenues (Note 12)	**(320)**	(312)
Total Net Cost	**$ 1,294,447**	$ 1,194,172

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Position for the Years Ended September 30, 2022 and 2021

(Dollars in Millions)

	2022			2021		
	Funds from Dedicated Collections	**Funds from other than Dedicated Collections**	**Total**	Funds from Dedicated Collections	Funds from other than Dedicated Collections	Total
Unexpended Appropriations:						
Beginning Balances	**$ 0**	**$ 4,889**	**$ 4,889**	$ 0	$ 5,048	$ 5,048
Appropriations Received	**48,502**	**65,580**	**114,082**	34,801	60,145	94,946
Other Adjustments	**0**	**(11)**	**(11)**	0	(8)	(8)
Appropriations Used	**(48,502)**	**(65,596)**	**(114,098)**	(34,801)	(60,296)	(95,097)
Net Change in Unexpended Appropriations	**0**	**(27)**	**(27)**	0	(159)	(159)
Total Unexpended Appropriations - Ending	**0**	**4,862**	**4,862**	0	4,889	4,889
Cumulative Results of Operations:						
Beginning Balances	**$ 2,761,448**	**$ 5,454**	**$ 2,766,902**	$ 2,819,572	$ 4,953	$ 2,824,525
Appropriations Used	**48,502**	**65,596**	**114,098**	34,801	60,296	95,097
Non-Exchange Revenue						
Tax Revenues (Note 13)	**1,086,858**	**0**	**1,086,858**	972,319	0	972,319
Interest Revenues	**66,853**	**0**	**66,853**	71,650	0	71,650
Other	**1**	**0**	**1**	7	0	7
Total Non-Exchange Revenue	**1,153,712**	**0**	**1,153,712**	1,043,976	0	1,043,976
Transfers-In/Out - Without Reimbursement	**(11,857)**	**8,969**	**(2,888)**	(10,014)	8,656	(1,358)
Imputed Financing Sources (Note 14)	**0**	**609**	**609**	0	595	595
Other	**0**	**(2,685)**	**(2,685)**	0	(1,761)	(1,761)
Net Cost of Operations	**1,222,155**	**72,292**	**1,294,447**	1,126,887	67,285	1,194,172
Net Change in Cumulative Results of Operations	**(31,798)**	**197**	**(31,601)**	(58,124)	501	(57,623)
Cumulative Results of Operations - Ending	**$ 2,729,650**	**$ 5,651**	**$ 2,735,301**	$ 2,761,448	$ 5,454	$ 2,766,902
Net Position	**$ 2,729,650**	**$ 10,513**	**$ 2,740,163**	$ 2,761,448	$ 10,343	$ 2,771,791

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENTS OF BUDGETARY RESOURCES FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021
(DOLLARS IN MILLIONS)

	2022	2021
Budgetary Resources (Note 15)		
Unobligated Balance From Prior Year Budget Authority, Net	**$ 6,420**	$ 6,556
Appropriations (Discretionary and Mandatory)	**1,347,799**	1,232,394
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	**16,313**	15,536
Total Budgetary Resources	**$ 1,370,532**	$ 1,254,486
Status of Budgetary Resources		
New obligations and upward adjustments		
Direct	**$ 1,361,894**	$ 1,246,124
Reimbursable	**3,093**	2,529
New obligations and upward adjustments (total)	**1,364,987**	1,248,653
Unobligated Balance, End of Year		
Apportioned, unexpired accounts	**4,986**	5,368
Unapportioned, unexpired accounts	**133**	27
Unexpired unobligated balance, end of year	**5,119**	5,395
Expired unobligated balance, end of year	**426**	438
Unobligated balance, end of year (total)	**5,545**	5,833
Total Budgetary Resources	**$ 1,370,532**	$ 1,254,486
Outlays, Net		
Outlays, Net (Discretionary and Mandatory)	**$ 1,333,079**	$ 1,229,745
Distributed Offsetting Receipts	**(51,024)**	(37,293)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,282,055**	$ 1,192,452

The accompanying notes are an integral part of these financial statements.

Statements of Social Insurance
Old-Age, Survivors, and Disability Insurance
As of January 1, 2022
(Dollars in Billions)

		Estimates Reported in Prior Years			
	2022	**2021**	**2020**	**2019**	**2018**
Present value for the 75-year projection period from or on behalf of: (Note 17)					
Participants who, in the starting year of the projection period, have attained eligibility age (age 62 and over):					
Noninterest income	**$ 1,998**	$ 1,766	$ 1,720	$ 1,552	$ 1,451
Cost for scheduled future benefits	**21,591**	19,785	18,269	16,895	15,862
Future noninterest income less future cost	**(19,593)**	(18,019)	(16,549)	(15,344)	(14,411)
Participants who have not yet attained retirement eligibility age (ages 15–61):					
Noninterest income	**40,365**	37,465	35,215	33,602	31,849
Cost for scheduled future benefits	**68,471**	64,932	59,784	55,826	52,248
Future noninterest income less future cost	**(28,105)**	(27,467)	(24,569)	(22,224)	(20,399)
Present value of future noninterest income less future cost for current participants (closed group measure)	**(47,699)**	(45,486)	(41,118)	(37,568)	(34,810)
Combined OASI and DI Trust Fund reserves at start of period	**2,852**	2,908	2,897	2,895	2,892
Closed group - Present value of future noninterest income less future cost for current participants *plus* combined OASI and DI Trust Fund reserves at start of period	**$ (44,847)**	$ (42,578)	$ (38,220)	$ (34,673)	$ (31,918)
Present value for the 75-year projection period from or on behalf of: (Note 17)					
Future participants (those under age 15, and to be born during period):					
Noninterest income	**$ 41,808**	$ 39,349	$ 36,964	$ 35,311	$ 31,788
Cost for scheduled future benefits	**17,411**	16,604	15,542	14,508	13,035
Future noninterest income less future cost	**24,397**	22,745	21,421	20,804	18,753
Present value of future noninterest income less future cost for current and future participants (open group` measure)	**(23,301)**	(22,742)	(19,696)	(16,764)	(16,057)
Combined OASI and DI Trust Fund reserves at start of period	**2,852**	2,908	2,897	2,895	2,892
Open group - Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period	**$ (20,449)**	$ (19,833)	$ (16,799)	$ (13,869)	$ (13,166)

Notes:

Components may not sum to totals because of rounding. The accompanying notes are an integral part of these financial statements.

Present values used in this presentation are based on the full amounts of estimated noninterest income and the cost of providing benefits at the levels scheduled under current law, even after the OASI and DI Trust Fund reserves are depleted.

Future noninterest income and future cost are estimated over the appropriate 75-year period.

Statements of Changes in Social Insurance Amounts
Old-Age, Survivors, and Disability Insurance
For Change from the 75-Year Valuation Period

January 1, 2021 to January 1, 2022
(Dollars in Billions)

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund reserves	Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period
As of January 1, 2021	$ (22,742)	$ 2,908	$ (19,833)
Reasons for changes between January 1, 2021 and January 1, 2022 (Note 17)			
Change in the valuation period	(676)	(77)	(753)
Changes in demographic data, assumptions, and methods	(335)	0	(335)
Changes in economic data, assumptions, and methods	(190)	0	(190)
Changes in programmatic data and methods	641	21	663
Changes in law or policy	0	0	0
Net change between January 1, 2021 and January 1, 2022	$ (560)	$ (56)	$ (616)
As of January 1, 2022	**$ (23,301)**	**$ 2,852**	**$ (20,449)**

January 1, 2020 to January 1, 2021
(Dollars in Billions)

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund reserves	Present value of future noninterest income less future cost for current and future participants *plus* combined OASI and DI Trust Fund reserves at start of period
As of January 1, 2020	$ (19,696)	$ 2,897	$ (16,799)
Reasons for changes between January 1, 2020 and January 1, 2021 (Note 17)			
Change in the valuation period	(713)	4	(709)
Changes in demographic data, assumptions, and methods	154	0	154
Changes in economic data, assumptions, and methods	(1,228)	0	(1,228)
Changes in programmatic data and methods	(1,182)	7	(1,176)
Changes in law or policy	(76)	0	(76)
Net change between January 1, 2020 and January 1, 2021	$ (3,045)	$ 11	$ (3,035)
As of January 1, 2021	**$ (22,742)**	**$ 2,908**	**$ (19,833)**

Notes:

Components may not sum to totals because of rounding. The accompanying notes are an integral part of these financial statements.

Present values used in this presentation are based on the full amounts of estimated noninterest income and the cost of providing benefits at the levels scheduled under current law, even after the OASI and DI Trust Fund reserves are depleted.

Future noninterest income and future cost are estimated over the appropriate 75-year period.

We provide high-level descriptions of the reason for the change in present value from year to year in Note 17, Social Insurance Disclosures.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Social Security Administration (SSA), as an independent agency in the executive branch of the United States (U.S.) Government, is responsible for administering the Nation's Old-Age and Survivors and Disability Insurance (OASDI) programs and the Supplemental Security Income (SSI) program. SSA is considered a separate reporting entity for financial reporting purposes. Our financial statements have been prepared to report the financial position, net cost, changes in net position, budgetary resources, the present value for the 75-year projection period for social insurance, and the changes in the present value between the current valuation period and prior valuation period, as required by the Office of Management and Budget (OMB) in OMB Circular No. A-136, *Financial Reporting Requirements*.

The consolidated and combined financial statements include the accounts of all funds under SSA control, consisting primarily of the OASI and DI Trust Funds, SSA's Limitation on Administrative Expenses (LAE), four general fund appropriations, three receipt accounts, and one special fund. The OASI and DI Trust Funds consist of earmarked receipts used to fund benefit payment and other related expenditures. General fund appropriations represent activities that receive appropriation authority from the Department of the Treasury's (Treasury) General Fund based on law. SSA's receipt accounts contain funds from collections that are not identified by law for another account for a specific purpose; whereas special fund accounts contain funds collected that are identified by law for a specific purpose.

LAE is a mechanism to fund our administrative operations and is considered a subset of the OASI and DI Trust Funds. The four general funds are the Payments to Social Security Trust Funds (PTF), SSI Program, Office of the Inspector General (OIG), and Special Veterans Benefits (Title VIII) Program. The three receipt accounts are SSI Overpayment Collections, the General Fund's portion of the SSI State Supplementation fees, and SSI Attorney fees. The one special fund is SSA's portion of the SSI State Supplementation fees. SSA's financial statements also include OASI and DI investment activities performed by Treasury.

SSA's financial activity has been classified and reported by the following program areas: OASI, DI, SSI, LAE, and Other. Other consists primarily of PTF appropriations activity, but also contains SSI Overpayment Collections and other non-material activities.

ACCOUNTING PRINCIPLES

The financial statements have been prepared from the accounting records of SSA on an accrual basis, in conformity with generally accepted accounting principles (GAAP) of the United States of America for Federal entities and the form and content for entity financial statements specified by OMB in Circular No. A-136. The Combined Statements of Budgetary Resources and related disclosures provide information about how budgetary resources were made available as well as the status at the end of the period. It is the only Statement predominately derived from an entity's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB). The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Fund Balance with Treasury

SSA's Fund Balance with Treasury, shown on the Consolidated Balance Sheets, is the aggregate amount of funds in SSA's accounts with Treasury for which SSA is authorized to make expenditures and pay liabilities. Refer to Note 3, Non-Entity Assets, and Note 4, Fund Balance with Treasury.

Investments

Daily deposits received by the OASI and DI Trust Funds that are not required to meet current expenditures are invested in interest-bearing obligations of the U.S. Government. The OASI and DI Trust Fund balances may be invested only in interest-bearing obligations of the U.S. or in obligations guaranteed as to both principal and interest by the U.S. as provided by Section 201 (d) of the *Social Security Act*. These investments consist of Treasury special-issue securities. Special-issue securities are special public debt obligations for purchase exclusively by the OASI and DI Trust Funds; therefore, they are non-marketable securities. They are purchased and redeemed at face value, which is the same as their carrying value on the Consolidated Balance Sheets. Refer to Note 5, Investments and Interest Receivable.

Accounts Receivable, Net

SSA accounts receivable represent unpaid amounts due to the agency. Intragovernmental Accounts Receivable, Net primarily represents amounts to be paid from the Hospital Insurance (HI) and Supplemental Medical Insurance (SMI) Trust Funds to the LAE Appropriation. Accounts Receivable, Net With the Public consists mainly of monies due to SSA from OASI, DI, and SSI beneficiaries who received benefits in excess of their entitlement, as well as amounts due from the States to cover underpayments due to the SSI recipients. Intragovernmental Accounts Receivable, Net includes amounts related to Section 4003 of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), Emergency Relief and Taxpayer Protection, which allows Treasury to make loans, loan guarantees, and other investments of up to $500 billion to eligible businesses, States, and municipalities impacted by the Coronavirus Disease 2019 (COVID-19) pandemic. This legislation designates the OASI Trust Fund as the recipient of any interest and other proceeds associated with the loans, loan guarantees, and other investments after repayments of any amounts provided are made to Treasury.

SSA has an automated process to evaluate programmatic debt and write-off certain delinquent debts deemed uncollectible. While this debt is being written-off, it remains available for future collection, which we can pursue if the debtor becomes entitled to OASDI or SSI benefits. At that point, we would re-establish the accounts receivable, and pursue collections. In addition, if eligible, we will refer these delinquent debts to the Treasury Offset Program for external collection action. We did not refer any delinquent debts to the Treasury Offset Program during FY 2022.

SSA does not apply an allowance for doubtful accounts to determine the net value of Intragovernmental Accounts Receivable. According to FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, an allowance for estimated uncollectible amounts should be recognized to reduce the gross amount of receivables to its net realizable value; however, no potential losses have been assessed on intragovernmental receivables based on individual account and program analysis. For programmatic accounts receivable with the public, SSA allows for all delinquent debt two years and older. SSA annually recalculates a ratio of allowance for doubtful accounts and applies the allowance ratios against any remaining debt that is not delinquent two years or more. This is calculated by applying a moving five-year average of uncollectible receivable ratios and by comparing each program's collections to new debt while considering turnover rates against outstanding receivables. Our total allowance for doubtful accounts includes the age-specific delinquent debt two years and older plus the uncollectible portion of our remaining accounts receivable, not delinquent two years or more, based on the allowance rates. Refer to Note 6, Accounts Receivable, Net.

General Property, Plant, and Equipment

SSA records property, plant, and equipment (PP&E) in the LAE program, but the PP&E represents the capital assets purchased by its funding sources. SFFAS No. 10, *Accounting for Internal Use Software*, requires the capitalization of internally developed, contractor-developed, and commercial off-the-shelf software. SSA classifies PP&E into several categories. The capitalization threshold for most PP&E categories is $100 thousand. Deferred Charges, which include fixtures and telephone replacement/upgrade projects, are capitalized with no threshold and $100 thousand, respectively. Site preparation for Automated Data Processing (ADP) and Telecommunications, Buildings and Other Structures, Internal Use Software, excluding commercial off-the-shelf software, and certain leasehold improvements for Federal leased buildings purchased by the Trust Funds are capitalized with no threshold. Refer to Note 7, General Property, Plant, and Equipment, Net.

Benefits Due and Payable

SSA accrues liabilities for OASI and DI benefits due for the current month, which by statute, are not paid until the following month. In addition, SSA accrues liabilities on benefits for past periods that have not completed processing by the close of the period, such as adjudicated and unadjudicated hearings and appeals and civil litigation cases. Refer to Note 9, Liabilities.

Benefit Payments

SSA recognizes the cost associated with payments in the period the beneficiary or recipient is entitled to receive the payment. OASI and DI benefit disbursements are generally made after the end of each month. SSI disbursements are generally made on the first day of each month. By law, if the monthly disbursement date falls on a weekend or a Federally recognized holiday, SSA is required to make the payment on the preceding business day. In these situations, the beneficiary or recipient is deemed entitled to receive the payment as of the payment date, as they have met all payment and eligibility requirements.

Administrative Expenses and Obligations

SSA administrative expenses are incurred in the LAE appropriation. Section 201 (g) of the *Social Security Act* requires the Commissioner of Social Security to determine the proper share of costs incurred during the fiscal year to be charged to the appropriate fund. Accordingly, SSA subsequently allocates administrative expenses during each month to the appropriate OASI, DI, HI, and SMI Trust Fund and general fund accounts on the Statements of Net Cost based on percentages developed by SSA's Cost Analysis System (CAS). CAS uses agency workload data to develop annual percentages that are used to allocate the expenses. SSA initially makes all such distributions on an estimated basis and adjusts to actual each year, as provided for in Section 1534 of Title 31, United States Code (U.S.C.).

SSA incurs obligations in the LAE accounts as activity is processed. SSA incurs obligations in each of the financing sources once it records LAE's authority. The Centers for Medicare and Medicaid Services reports obligations that SSA incurred in the HI and SMI Trust Funds. Because SSA reports LAE with our financing sources (other than the HI/SMI Trust Funds) on the Combined Statements of Budgetary Resources and this Statement does not allow eliminations, it records LAE's obligations twice. This presentation is in conformance with OMB Circular No. A-136 to have the Combined Statements of Budgetary Resources in agreement with the required Budget Execution Reports (SF-133).

Recognition of Financing Sources

Tax revenue, which consists of funds transferred from the Treasury to the OASI and DI Trust Funds for employment taxes (*Federal Insurance Contributions Act* (FICA) and *Self-Employment Contributions Act* (SECA)), represents SSA's largest financing source. Additional financing sources consist of interest revenue from the OASI and DI Trust Fund investments, taxation on benefits, drawdown of funds for benefit entitlement payments and administrative expenses, appropriations, gifts, and other miscellaneous receipts. On an as-needed basis, funds are drawn from the OASI and DI Trust Funds to cover benefit payments. As governed by limitations determined annually by the U.S. Congress, funds are also drawn from the OASI and DI Trust Funds for SSA's operating expenses. To cover SSA's costs to administer a portion of the Medicare program, funds are drawn from the HI/SMI Trust Funds.

Appropriations Used includes payments and accruals for the activities that are funded from Treasury's General Fund.

Employment tax revenues are made available daily based on a quarterly estimate of the amount of FICA taxes payable by employers and SECA taxes payable from the self-employed. Adjustments are made to the estimates for actual taxes payable and refunds made. Employment tax credits (the difference between the combined employee and employer rate and the self-employed rate) are also included in tax revenues. Refer to Note 13, Tax Revenues.

Exchange revenue from sales of goods and services primarily include payments of fees SSA receives from those States choosing to have SSA administer their State Supplementation of Federal SSI benefits. Refer to Note 12, Exchange Revenues. SSA may use exchange revenue financing sources to pay for current operating expenses as specified by law.

Funds from Dedicated Collections

SFFAS No. 43, *Funds from Dedicated Collections*, requires separate presentation and disclosure of funds from dedicated collections balances in the financial statements. Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the Government by non-Federal sources, often supplemented by other financing sources, which remain available over time. Funds from dedicated collections must meet the following criteria:

- A statute committing the Federal Government to use specifically identified revenues and/or other financing sources that are originally provided to the Federal Government by a non-Federal source only for designated activities, benefits, or purposes;
- Explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
- A requirement to account for and report on the receipt, use, and retention of the revenues and/or other financing sources that distinguishes the fund from the Federal Government's general revenues.

SSA's funds from dedicated collections are the OASI and DI Trust Funds, funds collected through the taxation of Social Security benefits, and fees collected to cover a portion of SSA's administrative costs for SSI State Supplementation. Refer to Note 10, Funds from Dedicated Collections, for additional information.

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Application of Critical Accounting Estimates

The Statements of Social Insurance and Statements of Changes in Social Insurance Amounts are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions and expectations of future conditions. Actual results could differ materially from the estimated amounts. Each Statement includes information to assist in understanding the effect of changes in assumptions to the related information. Refer to Note 17, Social Insurance Disclosures.

2. CENTRALIZED FEDERAL FINANCING ACTIVITIES

SSA's financial activities interact with, and are dependent on, the financial activities of the centralized management functions of the Federal Government that are undertaken for the benefit of the whole Federal Government. These activities include public debt, employee retirement, life insurance, and health benefit programs. However, SSA's financial statements do not contain the results of centralized financial decisions and activities performed for the benefit of the entire Government.

Financing for general fund appropriations reported on the Consolidated Statements of Changes in Net Position may be from tax revenue, public borrowing, or both. The source of this funding, whether tax revenue or public borrowing, has not been allocated to SSA.

SSA occupies buildings that the General Services Administration (GSA) leased or have been constructed using Public Building Funds. These financial statements reflect our payments to GSA for their lease, operations maintenance, and depreciation expenses associated with these buildings.

SSA's employees participate in the Office of Personnel Management (OPM)-administered contributory Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). SSA makes matching contributions to FERS. Pursuant to Public Law 99-335, *Federal Employees' Retirement System Act of 1986*, FERS went into effect on January 1, 1987. FERS automatically covers employees hired after December 31, 1983. Employees hired prior to that date could elect to either join FERS or remain in CSRS. Refer to Note 14, Imputed Financing, for additional information.

SSA contributed $12 and $15 million for the years ended September 30, 2022 and 2021 to CSRS. SSA contributed $897 and $838 million for the years ended September 30, 2022 and 2021 to the basic FERS plan. One of the primary differences between FERS and CSRS is that FERS offers a savings plan to which SSA is required to contribute one percent of pay and match employee contributions up to an additional four percent of basic pay. SSA contributed $223 and $220 million for the years ended September 30, 2022 and 2021 to the FERS savings plan. All contributions include amounts paid and due and payable as of the end of the reporting period. These Statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to SSA employees since this data is only reported in total by OPM.

3. NON-ENTITY ASSETS

Non-entity assets are those assets that are held by an entity, but are not available to the entity. SSA displays our Non-Entity Assets in Chart 3a. The Non-Entity Assets are composed of: (1) SSI Federal and State benefit overpayments and underpayments classified as SSI Accounts Receivable, Net; (2) fees collected to administer Title VIII State Supplementation; and (3) deferred payroll taxes owed by SSA employees due to Treasury.

CHART 3A - NON-ENTITY ASSETS AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2022			2021		
	Non-Entity Assets	Intra-agency Elimination	Net Assets	Non-Entity Assets	Intra-agency Elimination	Net Assets
Intragovernmental:						
Title VIII State Supp Fees	$ 3	$ 0	$ 3	$ 2	$ 0	$ 2
With the Public:						
SSI Fed/State Accounts Receivable, Net	4,199	(504)	3,695	3,858	(476)	3,382
Deferred Payroll Taxes	0	0	0	18	0	18
Total With the Public	4,199	(504)	3,695	3,876	(476)	3,400
Total	$ 4,202	$ (504)	$ 3,698	$ 3,878	$ (476)	$ 3,402

SSA has reduced the SSI Accounts Receivable, Net, by intra-agency eliminations (see discussion in Note 6, Accounts Receivable, Net). SSI accounts receivable is recognized as a non-entity asset. Public Law 101-517, *Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1991*, requires that collections from repayment of SSI Federal benefit overpayments be deposited in Treasury's General Fund. These funds, upon deposit, are assets of Treasury's General Fund, and will not be used by SSA as an SSI budgetary resource to pay SSI benefits or administrative costs. Prior to their collection, these SSI Federal benefit overpayments are recorded as SSI Accounts Receivable from the beneficiaries. SSA recognizes this receivable due from the beneficiary as a non-entity asset since the amount owed is due to Treasury's General Fund. When a beneficiary does not receive a full SSI State Supplemental benefit, SSA establishes an underpayment receivable. This receivable reflects the reimbursement due to SSA from the States to cover the unpaid benefit. SSA recognizes this receivable due from the States as a non-entity asset since the amount owed is due to the beneficiary.

SSA collects fees for administering Title VIII Supplementation benefit payments on behalf of the State of California. These funds, upon deposit, are assets of Treasury's General Fund and are a non-entity asset. Amounts collected during the fiscal year are classified as exchange revenue and are included in the Fund Balance with Treasury as of September 30, 2022 and 2021.

On August 8, 2020, the President issued the Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster. This Memorandum deferred certain payroll taxes owed by employees whose pre-tax bi-weekly payroll payments were less than $4,000 starting on September 1, 2020 through December 31, 2020. While the payroll tax was initially deferred, Treasury was repaid any deferred taxes through employee payments from January 1, 2021 through December 31, 2021. SSA employees were informed that they would be responsible for repayment of the deferred taxes so a non-budgetary, non-Federal receivable was recorded. SSA recognized the receivable owed by SSA employees due to Treasury as a non-entity asset. As of December 31, 2021, Treasury has been repaid all deferred taxes and all related non-entity assets have been removed.

Chart 3b provides a breakout between Non-Entity and Entity assets.

Chart 3b - Non-Entity/Entity Asset Breakdown as of September 30:
(Dollars in Millions)

	2022		2021	
Non-Entity Assets	$	3,698	$	3,402
Entity Assets		2,873,305		2,889,915
Total Assets	$	2,877,003	$	2,893,317

4. Fund Balance with Treasury

The Fund Balance with Treasury, shown on the Consolidated Balance Sheets, represents the total of all of SSA's undisbursed account balances with Treasury. Fund Balance with Treasury is an asset to SSA, but not to the Government as a whole, because SSA's asset is offset by a liability of the General Fund. When disbursements are made, Treasury finances those disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Chart 4, Status of Fund Balances, presents SSA's Fund Balance with Treasury through the status of budgetary resources. The amounts in Chart 4, Status of Funds Unobligated (Available, Unavailable) and Obligated Balance Not Yet Disbursed represent budgetary authority for SSI and Other program general fund budgetary sources. OASI, DI, and LAE Trust Fund budgetary accounts are not used in Chart 4 since OASI and DI Trust Fund cash balances are held in investments until needed and do not directly correspond with the budgetary lines shown in the chart. Therefore, amounts in Chart 4 will not match corresponding activity on the Combined Statements of Budgetary Resources.

CHART 4 - STATUS OF FUND BALANCES AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2022	2021
Unobligated Balance		
Available	$ 4,554	$ 4,875
Unavailable	156	47
Obligated Balance Not Yet Disbursed	3,120	3,111
OASI, DI, and LAE	82	138
Non-Budgetary Fund Balance with Treasury	32	40
Total Status of Fund Balances	$ 7,944	$ 8,211

The Unobligated Balance, Available in Chart 4 contains Category C funding which is an amount apportioned by OMB, for multi-year or no-year accounts, that is available for use in a future fiscal year. SSA Category C funding is $132 and $255 million as of September 30, 2022 and 2021. These funds are related to the SSI State Supplemental advances for the October 1st benefit payments, SSI Beneficiary Services, and SSI Research & Demonstration activity.

The fund balance reported in Chart 4 for the total OASI, DI, and LAE Trust Funds as of September 30, 2022 and 2021 can be positive or negative as the result of the policy to protect the OASI and DI Trust Fund investments by not liquidating the investments until the cash is needed. Transfers between the OASI and DI Trust Funds and Treasury are managed to favor the financial position of the OASI and DI Trust Funds. Therefore, investments held by the OASI and DI Trust Funds are liquidated only as needed by Treasury to cover benefit and administrative payments. To maintain consistency with the amounts reported by Treasury for OASI and DI, SSA does not reclassify a negative balance as a liability on the Consolidated Balance Sheets.

5. INVESTMENTS AND INTEREST RECEIVABLE

The cash receipts collected from the public for the OASI and DI Trust Funds are invested in interest-bearing securities backed by the full faith and credit of the Federal Government, generally U.S. par-value Treasury special securities. The Secretary of the Treasury directly issues Treasury special securities to the OASI and DI Trust Funds. The securities are non-negotiable and non-transferable in the secondary market. Par-value Treasury special securities are issued with a stated rate of interest applied to its par amount and are purchased and redeemed at par plus accrued interest at or before maturity. Therefore, there are no premiums or discounts associated with the redemption of these securities.

SSA displays investments in Special-Issue U.S. Treasury Securities, and the corresponding interest receivable, reported as Intragovernmental Investments on the Consolidated Balance Sheets, in Chart 5.

CHART 5 - INVESTMENTS AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2022			2021		
	Special Issue Securities	Interest Receivable	Total Investments	Special Issue Securities	Interest Receivable	Total Investments
OASI	$ 2,723,601	$ 15,236	$ 2,738,837	$ 2,755,785	$ 16,180	$ 2,771,965
DI	114,679	686	115,365	98,032	628	98,660
Total	$ 2,838,280	$ 15,922	$ 2,854,202	$ 2,853,817	$ 16,808	$ 2,870,625

The interest rates on these investments range from 0.750 to 4.000 percent. The accrued interest is paid on June 30, December 31, and at maturity or redemption. Investments held for the OASI and DI Trust Funds mature at various dates ranging from the year 2023 to the year 2037.

Treasury special securities are an asset to the OASI and DI Trust Funds and a liability to the Treasury. Because the OASI and DI Trust Funds and the Treasury are both part of the Government, these assets and liabilities offset each other for consolidation purposes in the U.S. government-wide financial statements. For this reason, they do not represent a net asset or a net liability in the U.S. government-wide financial statements.

The Treasury does not set aside financial assets to cover its liabilities associated with the OASI and DI Trust Funds. Treasury uses the cash received from the OASI and DI Trust Funds for investment in these securities for general Government purposes. Treasury special securities provide the OASI and DI Trust Funds with authority to draw upon the Treasury to make future benefit payments or other expenditures. When the OASI and DI Trust Funds require redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

6. ACCOUNTS RECEIVABLE, NET

INTRAGOVERNMENTAL

Intragovernmental Accounts Receivable, Net, reported on the Consolidated Balance Sheets in the amounts of $1,226 and $1,365 million as of September 30, 2022 and 2021 primarily represents amounts to be paid from the HI/SMI Trust Funds to the LAE Appropriation. SSA reduced the gross accounts receivable by $2,955 and $3,219 million as of September 30, 2022 and 2021 as an intra-agency elimination. This elimination is primarily to offset SSA's LAE receivable to be paid from the appropriate funds with corresponding payables set up for anticipated LAE disbursements. Intragovernmental Accounts Receivable, Net also includes amounts related to the Section 4003 of the CARES Act, Emergency Relief and Taxpayer Protection, which allows Treasury to make loans, loan guarantees, and other investments to eligible businesses, States, and municipalities impacted by the COVID-19 pandemic. This legislation designates the OASI Trust Fund as the recipient of any interest and other proceeds associated with the loans, loan guarantees, and other investments after repayments of any amounts provided are made to Treasury. We have recorded $371 and $483 million as of September 30, 2022 and 2021 in Intragovernmental Accounts Receivable, Net for this activity based on Treasury's estimate of their liability owed to OASI.

SSA does not apply an allowance for doubtful accounts to determine the net value of Intragovernmental Accounts Receivable. According to SFFAS No. 1, *Accounting for Selected Assets and Liabilities*, an allowance for estimated uncollectible amounts should be recognized to reduce the gross amount of receivables to its net realizable value; however, no potential losses have been assessed on intragovernmental receivables based on individual account and program analysis.

WITH THE PUBLIC

Accounts Receivable, Net, reported on the Consolidated Balance Sheets is shown by SSA major program in Chart 6a. Amounts in the OASI and DI programs consist mainly of monies due to SSA from individuals who received benefits in excess of their entitlement. The amount of SSI Accounts Receivable represents Federal and State activity. The SSI Federal and State portions consist of overpayments due from SSI recipients who are no longer eligible to receive benefit payments or received benefits in excess of their eligibility. Additionally, the SSI State portion consists of amounts due from the States to cover underpayments due to the SSI recipients. Refer to Note 3, Non-Entity Assets, for a discussion of the SSI Federal and State overpayments and underpayments. Section 215 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (Banking Bill) requires SSA to provide a "permitted entity" a confirmation (or non-confirmation) of fraud protection data (i.e., Social Security number verification) based on the number holder's written consent, including by electronic signature. The Banking Bill requires SSA to fully recover all costs from the users of the verification process by way of advances, reimbursements, user fees, or other recoveries as determined by the Commissioner. To comply with the Banking Bill, SSA used its LAE account to cover non-mission costs with the expectation that these costs will be fully recovered from the users of the verification process as required by law. To account for these costs SSA has recorded a non-budgetary accounts receivable of $39 and $37 million as of September 30, 2022 and 2021, which is included in the LAE Gross and Net Receivable amounts in Chart 6a. Since the agency expects to fully recover these costs, SSA has not applied an allowance for doubtful accounts against this accounts receivable. The FY 2021 LAE accounts receivable includes $20 million for deferred payroll taxes based on the President's August 8, 2020 *Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster*.

Chart 6a - Accounts Receivable with the Public by Major Program as of September 30:
(Dollars in Millions)

	2022			2021		
	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
OASI	$ 3,137	$ (1,073)	$ 2,064	$ 3,046	$ (969)	$ 2,077
DI	5,856	(2,959)	2,897	5,963	(2,831)	3,132
SSI*	12,537	(8,338)	4,199	11,815	(7,957)	3,858
LAE	41	0	41	60	0	60
Subtotal	21,571	(12,370)	9,201	20,884	(11,757)	9,127
Less: Eliminations**	(519)	0	(519)	(491)	0	(491)
Total	$ 21,052	$ (12,370)	$ 8,682	$ 20,393	$ (11,757)	$ 8,636

Notes:

*See discussion in Note 3, Non-Entity Assets

**Intra-Agency Eliminations

Chart 6a shows that in FY 2022 and FY 2021, SSA reduced gross accounts receivable by $519 and $491 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Windfall Offset is the amount of SSI that would not have been paid if retroactive OASI and DI benefits had been paid timely to eligible beneficiaries. The KZ Diary process identifies SSI recipients eligible for prior entitlement of OASI and DI benefits and determines SSA's liability for retroactive benefits owed to beneficiaries. For each activity, SSA recognizes a receivable in the SSI program with offsetting payables for both the OASI and DI programs.

SSA has an automated process to evaluate programmatic debt and write-off certain delinquent debts deemed uncollectible. While this debt is being written-off, it remains available for future collection, which SSA can pursue if the debtor becomes entitled to OASDI or SSI benefits. At that point, we would re-establish the accounts receivable, and pursue collections. In addition, if eligible, we will refer these delinquent debts to the Treasury Offset Program for external collection action. We did not refer any delinquent debts to the Treasury Offset Program during FY 2022.

As part of our Allowance for Doubtful Accounts methodology, SSA allows all delinquent debt two years and older as we estimate this debt is uncollectible based on the age of the debt. For our remaining debt, SSA annually recalculates a ratio of allowance for doubtful accounts on programmatic accounts receivable with the public. We apply a moving five-year average of uncollectible receivable ratios, based on comparing each program's collections to new debt while considering turnover rates, against outstanding receivables that are not delinquent two years and older. We add this calculated uncollectible ratio-based value to the allowed delinquent debt two years and older value to compute the total amount of allowance for doubtful accounts.

2049 System Limitation

A Title II system design limitation prevents us from capturing and tracking long-term withholding agreements for debts owed by the public scheduled for collection beyond the year 2049. Current policy allows for repayment periods based on the ability of beneficiaries to repay on a periodic basis. This allows for the establishment of payment terms, which may exceed the expected life span of the beneficiary.

When the projected collection extends beyond December 31, 2049, we perform a manual action to establish withholding through December 31, 2049, causing the system to delete the remaining debts owed by the public balance from the record. Current policy requires us to post a manual overpayment diary to control for follow-up of the remaining balance in December 2049. However, because our records do not reflect the post 2049 balance, subsequent correspondence to the debtor presents only the pre-2049 balance of the debts owed by the public established for withholding.

We do not include these balances in the Chart 6a gross receivable amounts as they are not material to the consolidated financial statements. We estimate that the total gross value of the post year 2049 amount not captured in our gross receivables, is approximately $751 and $731 million as of September 30, 2022 and 2021. The 2049 data limitation in our debt management systems will no longer exist as we update and implement the new Debt Management System.

7. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

General Property, Plant, and Equipment, Net, as reported on the Consolidated Balance Sheets, is reflected by major class in Chart 7a.

CHART 7A - GENERAL PROPERTY, PLANT, AND EQUIPMENT AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2022			2021		
Major Classes:	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Buildings and Other Structures	$ 47	$ (23)	$ 24	$ 47	$ (22)	$ 25
Equipment (incl. ADP Hardware)	1,675	(1,262)	413	1,483	(1,117)	366
Internal Use Software	9,735	(6,391)	3,344	8,887	(5,907)	2,980
Leasehold Improvements	1,684	(866)	818	1,589	(786)	803
Deferred Charges*	1,210	(979)	231	1,146	(948)	198
Total	$ 14,351	$ (9,521)	$ 4,830	$ 13,152	$ (8,780)	$ 4,372

Major Classes:	Estimated Useful Life	Method of Depreciation	Capitalization Threshold
Buildings and Other Structures	50 years	Straight Line	$0
Equipment (incl. ADP Hardware)	5 years	Straight Line	$100 thousand
Internal Use Software	5-10 years	Straight Line	$0-100 thousand
Leasehold Improvements	6-33 years	Straight Line	$0-100 thousand
Deferred Charges*	12 years	Straight Line	$0-100 thousand

Note:

*Deferred Charges include fixtures (no threshold) and telephone replacement/upgrade projects ($100 thousand).

CHART 7B - RECONCILIATION OF GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2022	2021
Balance beginning of year	$ 4,372	$ 3,765
Capitalized acquisitions	1,199	1,280
Depreciation expense	(741)	(673)
Balance at end of year	$ 4,830	$ 4,372

8. Advances and Prepayments

Intragovernmental Advances and Prepayments

Intragovernmental Advances and Prepayments amounts include advances provided to Federal agencies for goods and services that will be furnished to SSA. Intragovernmental Advances and Prepayments are $119 and $108 million as of September 30, 2022 and 2021.

9. Liabilities

Liabilities of Federal agencies are classified as liabilities Covered by, Not Covered by, or Not Requiring budgetary resources and are recognized when incurred. Charts 9a and 9b disclose SSA's liabilities Covered by budgetary resources, Not Covered by budgetary resources, and Not Requiring budgetary resources. Liabilities Covered by budgetary resources use available budget authority when SSA incurs the liabilities. Liabilities Not Covered by budgetary resources do not use available budget authority in the current period; these liabilities will be funded in future periods. Liabilities Not Requiring budgetary resources represent cash or receivables due to the General Fund and States, which do not require budgetary authority.

Chart 9a - Liabilities as of September 30:
(Dollars in Millions)

	2022			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental:				
Accounts Payable	$ 5,486	$ 0	$ 0	$ 5,486
Advances from Others and Deferred Revenue	0	0	0	0
Other	36	48	3,989	4,073
Total Intragovernmental	5,522	48	3,989	9,559
With the Public				
Accounts Payable	54	58	155	267
Federal Employee and Veteran Benefits Payable	5	670	0	675
Benefits Due and Payable	124,026	2,176	0	126,202
Advances from Others and Deferred Revenue	13	0	0	13
Other Liabilities	103	0	21	124
Total with the Public	124,201	2,904	176	127,281
Total Liabilities	$ 129,723	$ 2,952	$ 4,165	$ 136,840

Chart 9b - Liabilities as of September 30:
(Dollars in Millions)

	2021			
	Covered	Not Covered	Not Requiring	Total
Intragovernmental:				
Accounts Payable	$ 5,314	$ 0	$ 0	$ 5,314
Advances from Others and Deferred Revenue	1	0	0	1
Other	96	67	3,649	3,812
Total Intragovernmental	5,411	67	3,649	9,127
With the Public				
Accounts Payable	93	54	158	305
Federal Employee and Veteran Benefits Payable	12	703	0	715
Benefits Due and Payable	108,942	1,908	0	110,850
Advances from Others and Deferred Revenue	203	0	0	203
Other Liabilities	288	0	38	326
Total with the Public	109,538	2,665	196	112,399
Total Liabilities	$ 114,949	$ 2,732	$ 3,845	$ 121,526

Intragovernmental Liabilities

Accounts Payable

Intragovernmental Accounts Payable Covered by budgetary resources primarily includes an accrued liability for amounts due to the Railroad Retirement Board for the annual interchange from the OASI and DI Trust Funds. This annual interchange is required to place the OASI and DI Trust Funds in the same position they would have been if SSA had covered railroad employment. The *Railroad Retirement Act of 1974* requires the transfer, including interest accrued from the end of the preceding fiscal year, to be made in June. SSA's Railroad Retirement Interchange liability is $5,464 and $5,285 as of September 30, 2022 and 2021.

Advances from Others and Deferred Revenue

Intragovernmental Advances from Others and Deferred Revenue Covered by budgetary resources include advances from the Department of Homeland Security for employment verification services to be performed by SSA.

Other Liabilities

Intragovernmental Other Liabilities include amounts Covered by budgetary resources for payroll taxes, excluding deferred payroll taxes. Intragovernmental Other Liabilities Covered, shown in Charts 9a and 9b, are current liabilities. Intragovernmental Other Liabilities Not Covered by budgetary resources includes amounts for *Federal Employees' Compensation Act* (FECA), administered by the Department of Labor (DOL). FECA provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. For payment purposes, claims incurred for benefits for SSA employees under FECA are divided into current and non-current portions. The current portion represents SSA's accrued liability due to the DOL's FECA Special Benefits Fund for payments made on SSA's behalf. The funding for the liability will be made from a future appropriation. SSA's current portions of FECA liability are $48 and $49 million as of September 30, 2022 and 2021. The FY 2021 Intragovernmental Other Liabilities Not Covered by budgetary resources includes $18 million for deferred payroll taxes based on the President's August 8, 2020 *Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster* due to Treasury. As of December 31, 2021, Treasury has been repaid all deferred taxes and all related payables have been removed.

Intragovernmental Other Liabilities Not Requiring budgetary resources includes amounts due to Treasury's General Fund, which primarily consists of a payable for SSI Federal benefit overpayments. SSA records a payable equal to the SSI Federal benefit overpayments receivable when the agency identifies overpayments. Refer to Note 3, Non-Entity Assets, for additional information on the SSI receivables established for the repayment of SSI benefit overpayments. Intragovernmental Other Liabilities Not Requiring budgetary resources are current and non-current depending on when the benefit overpayment collections are received. Chart 9c displays a breakout of Intragovernmental Other Liabilities as of September 30, 2022 and 2021.

CHART 9C - INTRAGOVERNMENTAL OTHER LIABILITIES AS OF SEPTEMBER 30: (DOLLARS IN MILLIONS)

	2022	2021
Employer Contributions and Payroll Taxes Payable	$ 35	$ 95
Unemployment Compensation Liability	1	1
Unfunded FECA Liability	48	49
Liability to the General Fund for Non-Entity Assets	3,989	3,649
Other Liabilities w/o related budgetary obligations	0	18
Total Other Liabilities	$ 4,073	$ 3,812

LIABILITIES WITH THE PUBLIC

ACCOUNTS PAYABLE

Accounts Payable Not Requiring budgetary resources consists of SSI State Supplemental overpayments due to States. States are entitled to any overpayment that SSA expects to collect because the States fund the actual payments made to the beneficiaries. Accounts Payable Not Covered by budgetary resources consist of SSI State Supplemental underpayments due to the SSI recipients. These amounts are set up as an accounts payable until payment is made.

FEDERAL EMPLOYEE AND VETERAN BENEFITS PAYABLE

Federal Employee and Veteran Benefits Payable Not Covered by budgetary resources includes amounts for leave earned but not taken and the non-current portion of FECA, which is an actuarial liability. Leave earned but not taken of $402 and $429 million as of September 30, 2022 and 2021 represents annual and compensatory leave earned by SSA employees but not used as of the reporting date. The non-current FECA portion of $268 and $274 million as of September 30, 2022 and 2021 represents the expected liability from FECA claims for the next 23-year period. DOL calculated this actuarial liability using historical payment data to project future costs.

BENEFITS DUE AND PAYABLE

Benefits Due and Payable are amounts owed to program recipients that have not yet been paid as of the balance sheet date. Chart 9d shows the amounts for SSA's major programs as of September 30, 2022 and 2021. These amounts include an estimate for unadjudicated cases that will be payable in the future. Except for the SSI program, budgetary resources cover the unadjudicated cases.

Chart 9d - Benefits Due and Payable as of September 30:
(Dollars in Millions)

	2022	2021
OASI	$ 98,634	$ 87,397
DI	24,219	20,472
SSI	3,868	3,472
Subtotal	126,721	111,341
Less: Intra-agency eliminations	(519)	(491)
Total Benefits Due and Payable	$ 126,202	$ 110,850

Chart 9d also shows that as of FY 2022 and FY 2021, SSA reduced gross Benefits Due and Payable by $519 and $491 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Refer to Note 6, Accounts Receivable, Net.

Advances from Others and Deferred Revenue

SSA's Advances from Others and Deferred Revenue Covered by budgetary resources is primarily comprised of SSI State Supplemental amounts collected in advance of future SSI benefit payments made by SSA on the State's behalf.

Other Liabilities

SSA's Other Liabilities consist of liabilities Covered by and Not Requiring budgetary resources. Other Liabilities Covered by budgetary resources is primarily comprised of accrued payroll. Other liabilities Not Requiring budgetary resources consists of unapplied deposit funds. Other Liabilities are current in nature with the exception of $18 million of Not Requiring unapplied deposit funds as of September 30, 2022 and 2021. Chart 9e displays a breakout of Other Liabilities with the Public as of September 30, 2022 and 2021.

Chart 9e - Other Liabilities as of September 30:
(Dollars in Millions)

	2022	2021
Accrued Funded Payroll and Leave	$ 103	$ 288
Other Liabilities w/o related budgetary obligations	21	38
Total Other Liabilities	$ 124	$ 326

Federal Leases

SSA has Occupancy Agreements (OA) with GSA for each space that we occupy. The OA is a complete, concise statement of the business terms governing the tenancy relationship between SSA and GSA. The OA is not a lease, but rather a formal agreement between the signing parties. For accounting purposes, these OAs are treated as lease activity. GSA charges rental rates for space that approximates commercial rental rates for similar properties. The terms of the OAs vary according to whether the Federal Government directly owns the underlying assets or if GSA rents the underlying asset from third-party commercial property owners, though each OA may have slightly different terms. SSA executes cancellable and non-cancellable OAs with GSA. Periods of occupancy on OAs vary and can generally be cancelled with four months' notice following the first year of occupancy. OAs must be coterminous with the underlying lease term. For non-cancellable OAs, SSA is financially responsible for rental payments on vacated space until the expiration of the OA, the termination of the OA permitted under the lease terms, or the occupancy by a replacement tenant covers the total rent obligation. OAs do not include renewal options that may be in the lease, as GSA makes a determination as to whether such options are fair and reasonable relative to the market when the option matures. Chart 9f shows the future estimated rental payments required under OAs that have initial or remaining non-cancellable terms in excess of one year. SSA does not include the amounts reported in our financial statements. SSA expenses OAs as incurred and does not record liabilities for future years' costs.

CHART 9F - FUTURE OPERATING LEASE/OCCUPANCY AGREEMENT COMMITMENTS AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

Fiscal Year		GSA OAs
2023	$	141
2024		133
2025		117
2026		111
2027		101
2028 and Thereafter (In total)*		382
Total Future Lease Payments	$	985

Note:

*OAs go through the year 2037.

CONTINGENT LIABILITIES

SSA's Contingent Liabilities include pending claims with estimated potential losses that are deemed reasonably possible of having an adverse outcome. According to SFFAS 5, *Accounting for Liabilities of the Federal Government*, for legal contingencies deemed reasonably possible of having an adverse outcome, no liability is recognized; however, disclosure of the contingency is required. See disclosures of Contingent Liabilities described below:

- A case contests SSA's method of reducing benefits under the family maximum provision for auxiliary children of retired workers whose benefits are reduced due to becoming entitled to such benefits before attaining full retirement age. The amount of potential loss arising out of these cases is estimated, based on the broadest possible scope of application, to be approximately $6,279 million and $9 million for the OASI and DI Trust Funds, respectively. There is no contingent liability for the SSI program.

- A case contests the interim final rule related to SSA's implementation of a streamlined waiver process for certain overpayment debts that accrued during a defined COVID-19 pandemic period. Due to the uncertainty of potential outcomes, the agency does not have an estimate of the contingent liability at this time.

10. FUNDS FROM DEDICATED COLLECTIONS

The OASI and DI Trust Funds, Taxation on Social Security Benefits, and SSI State Administrative Fees are classified as funds from dedicated collections. These funds obtain revenues primarily through non-Federal receipts, such as Social Security payroll taxes and, to a lesser extent, offsetting collections.

OASI AND DI TRUST FUNDS

The OASI Trust Fund provides retirement and survivors benefits to qualified workers and their families. The DI Trust Fund provides disability benefits to individuals who cannot work because they have a medical condition expected to last one year or result in death.

Payroll and self-employment taxes primarily fund the OASI and DI Trust Funds. Interest earnings on Treasury securities, Federal agencies' payments for the Social Security benefits earned by military and Federal civilian employees, and Treasury payments for a portion of income taxes paid on Social Security benefits provide additional income to the OASI and DI Trust Funds. The law establishing the OASI and DI Trust Funds is set forth in 42 U.S.C. § 401. Refer to Note 13, Tax Revenues, for a discussion on employment taxes credited to the OASI and DI Trust Funds, and Note 5, Investments and Interest Receivable, for a discussion on interest.

Funds not withdrawn for current expenses (benefits, the financial interchange with the Railroad Retirement program, and administrative expenses) are invested in interest-bearing Federal securities, as required by law. See Note 5, Investments and Interest Receivable, for a discussion on Treasury securities.

TAXATION ON SOCIAL SECURITY BENEFITS

Taxation on Social Security Benefits is also classified as funds from dedicated collections. The *Social Security Amendments of 1983* (Public Law 98-21) provides that the OASI and DI Trust Funds receive income related to Federal income taxation of benefits. The taxes are collected as Federal income taxes, and a subsequent payment is then made to the OASI and DI Trust Funds from the General Fund of the Treasury. These collections are warranted from the General Fund and transferred to the OASI and DI Trust Funds via an intragovernmental transfer. These transfers are to be reserved for specific purposes in the future. Thus, Taxation on Social Security Benefits is considered dedicated collections.

SSI STATE ADMINISTRATIVE FEES

Administrative Fees collected from States are also classified as funds from dedicated collections. Section 42 U.S.C. 1616 authorizes the Commissioner of Social Security to assess each State an administrative fee in an amount equal to the number of Supplemental payments made by SSA on behalf of the State for any month in a fiscal year, multiplied by the applicable rate for the fiscal year. See Note 12, Exchange Revenues, for a discussion of SSI State Administrative Fees.

See Charts 10a and 10b for balances of funds from dedicated collections as reported in the Consolidated Financial Statements for the years ended September 30, 2022 and 2021. The Other Dedicated Funds column in Charts 10a and 10b consist of Taxation on Social Security Benefits and SSI State Administrative Fees activity.

Chart 10a - Funds from Dedicated Collections as of September 30: Consolidating Schedule
(Dollars in Millions)

	2022					
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Total Funds from Dedicated Collections (Combined)	Eliminations Between Dedicated Collections	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet						
Assets						
Intragovernmental:						
Fund Balance with Treasury	$ 29	$ 12	$ 9	$ 50	$ 0	$ 50
Investments	2,738,837	115,365	0	2,854,202	0	2,854,202
Accounts Receivable, Federal	371	0	0	371	0	371
Total Intragovernmental Assets	2,739,237	115,377	9	2,854,623	0	2,854,623
With the Public:						
Accounts Receivable, Non-Federal	2,064	2,897	0	4,961	(4)	4,957
Total Assets	$ 2,741,301	$ 118,274	$ 9	$ 2,859,584	$ (4)	$ 2,859,580
Liabilities and Net Position						
Intragovernmental:						
Accounts Payable, Federal	$ 6,319	$ 758	$ 0	$ 7,077	$ 0	$ 7,077
With the Public:						
Accounts Payable, Non-Federal	0	4	0	4	0	4
Benefits Due and Payable	98,634	24,219	0	122,853	(4)	122,849
Total with the Public	98,634	24,223	0	122,857	(4)	122,853
Total Liabilities	104,953	24,981	0	129,934	(4)	129,930
Cumulative Results of Operations	2,636,348	93,293	9	2,729,650	0	2,729,650
Total Liabilities and Net Position	$ 2,741,301	$ 118,274	$ 9	$ 2,859,584	$ (4)	$ 2,859,580
Statement of Net Cost						
Program Costs	$ 1,075,126	$ 146,259	$ 0	$ 1,221,385	$ 0	$ 1,221,385
Operating Expenses	625	313	0	938	0	938
Less Earned Revenue	(1)	(20)	(147)	(168)	0	(168)
Net Cost of Operations	$ 1,075,750	$ 146,552	$ (147)	$ 1,222,155	$ 0	$ 1,222,155
Statement of Changes in Net Position						
Net Position Beginning of Period	$ 2,680,969	$ 80,479	$ 0	$ 2,761,448	$ 0	$ 2,761,448
Non-Exchange Revenue						
Tax Revenue - Intragovernmental	929,042	157,816	0	1,086,858	0	1,086,858
Interest Revenue - Intragovernmental	64,137	2,716	0	66,853	0	66,853
Other - With the Public	1	0	0	1	0	1
Total Non-Exchange Revenue	993,180	160,532	0	1,153,712	0	1,153,712
Net Transfers In/Out	37,949	(1,166)	(48,640)	(11,857)	0	(11,857)
Other	0	0	48,502	48,502	0	48,502
Net Cost of Operations	1,075,750	146,552	(147)	1,222,155	0	1,222,155
Net Change	(44,621)	12,814	9	(31,798)	0	(31,798)
Net Position End of Period	$ 2,636,348	$ 93,293	$ 9	$ 2,729,650	$ 0	$ 2,729,650

The above Chart 10a for FY 2022 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,129 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2022 must be eliminated against LAE (Accounts Payable, Federal), SSI (Benefits Due and Payable and Accounts Receivables, Non-Federal), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10a.

CHART 10B - FUNDS FROM DEDICATED COLLECTIONS AS OF SEPTEMBER 30: CONSOLIDATING SCHEDULE

(DOLLARS IN MILLIONS)

	2021					
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Total Funds from Dedicated Collections (Combined)	Eliminations Between Dedicated Collections	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet						
Assets						
Intragovernmental:						
Fund Balance with Treasury	$ 14	$ 30	$ 0	$ 44	$ 0	$ 44
Investments	2,771,965	98,660	0	2,870,625	0	2,870,625
Accounts Receivable, Federal	484	0	0	484	0	484
Total Intragovernmental Assets	2,772,463	98,690	0	2,871,153	0	2,871,153
With the Public:						
Accounts Receivable, Non-Federal	2,077	3,132	0	5,209	(4)	5,205
Total Assets	$ 2,774,540	$ 101,822	$ 0	$ 2,876,362	$ (4)	$ 2,876,358
Liabilities and Net Position						
Intragovernmental:						
Accounts Payable, Federal	$ 6,173	$ 867	$ 0	$ 7,040	$ 0	$ 7,040
With the Public:						
Accounts Payable, Non-Federal	1	4	0	5	0	5
Benefits Due and Payable	87,397	20,472	0	107,869	(4)	107,865
Total with the Public	87,398	20,476	0	107,874	(4)	107,870
Total Liabilities	93,571	21,343	0	114,914	(4)	114,910
Cumulative Results of Operations	2,680,969	80,479	0	2,761,448	0	2,761,448
Total Liabilities and Net Position	$ 2,774,540	$ 101,822	$ 0	$ 2,876,362	$ (4)	$ 2,876,358
Statement of Net Cost						
Program Costs	$ 986,398	$ 139,818	$ 0	$ 1,126,216	$ 0	$ 1,126,216
Operating Expenses	540	278	0	818	0	818
Less Earned Revenue	(1)	(20)	(126)	(147)	0	(147)
Net Cost of Operations	$ 986,937	$ 140,076	$ (126)	$ 1,126,887	$ 0	$ 1,126,887
Statement of Changes in Net Position						
Net Position Beginning of Period	$ 2,741,021	$ 78,551	$ 0	$ 2,819,572	$ 0	$ 2,819,572
Non-Exchange Revenue						
Tax Revenue -Intragovernmental	831,124	141,195	0	972,319	0	972,319
Interest Revenue - Intragovernmental	68,971	2,679	0	71,650	0	71,650
Other - With the Public	7	0	0	7	0	7
Total-Non Exchange Revenue	900,102	143,874	0	1,043,976	0	1,043,976
Net Transfers In/Out	26,783	(1,870)	(34,927)	(10,014)	0	(10,014)
Other	0	0	34,801	34,801	0	34,801
Net Cost of Operations	986,937	140,076	(126)	1,126,887	0	1,126,887
Net Change	(60,052)	1,928	0	(58,124)	0	(58,124)
Net Position End of Period	$ 2,680,969	$ 80,479	$ 0	$ 2,761,448	$ 0	$ 2,761,448

Chart 10b for FY 2021 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $2,244 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2021 must be eliminated against LAE (Accounts Payable, Federal), SSI (Benefits Due and Payable and Accounts Receivables, Non-Federal), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10b.

11. Operating Expenses

Classification of Operating Expenses by Major Program

Charts 11a and 11b display SSA's operating expenses for each major program. LAE SSA operating expenses recorded in Other primarily represent the HI/SMI Trust Funds' shares of SSA's operating expenses, including the Medicare Prescription Drug Program. LAE operating expenses related to the *American Recovery and Reinvestment Act of 2009* (ARRA) are recorded in the Other program, and primarily represent expenses associated with the National Support Center. LAE operating expenses related to the CARES Act are recorded in the Other program, and primarily represent expenses to prevent, prepare for, and respond to COVID-19 pandemic, and to assist Treasury with economic impact payments. OASI and DI Trust Fund Operations include expenses of Treasury to assist in managing the OASI and DI Trust Funds. Vocational Rehabilitation includes expenditures of State agencies for vocational rehabilitation of OASI, DI, and SSI beneficiaries.

Chart 11a - SSA's Operating Expenses by Major Program as of September 30: (Dollars in Millions)

	2022						
	LAE						
	SSA	OIG	CARES Act	ARRA	OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
OASI	$ 3,537	$ 47	$ 0	$ 0	$ 604	$ 21	$ 4,209
DI	2,576	34	0	0	105	208	2,923
SSI	4,512	0	0	0	0	246	4,758
Other	2,873	32	3	3	0	0	2,911
Total	$ 13,498	$ 113	$ 3	$ 3	$ 709	$ 475	$ 14,801

Chart 11b - SSA's Operating Expenses by Major Program as of September 30: (Dollars in Millions)

	2021						
	LAE						
	SSA	OIG	CARES Act	ARRA	OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
OASI	$ 3,372	$ 46	$ 0	$ 0	$ 524	$ 16	$ 3,958
DI	2,534	34	0	0	94	184	2,846
SSI	4,490	0	0	0	0	214	4,704
Other	2,747	32	55	7	0	0	2,841
Total	$ 13,143	$ 112	$ 55	$ 7	$ 618	$ 414	$ 14,349

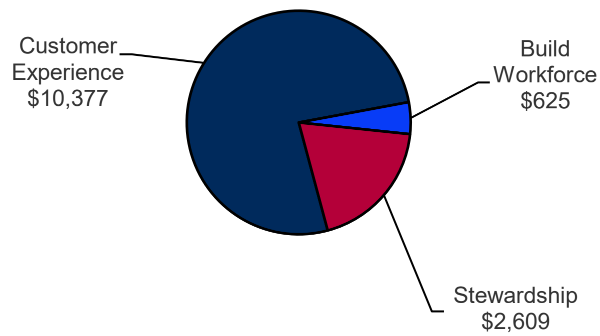
CLASSIFICATION OF OPERATING EXPENSES BY STRATEGIC GOAL

SSA's *Annual Performance Plan* (APP) sets forth expected levels of performance the agency is committed to achieving and includes proposed levels of performance for future fiscal years. Our APP is characterized by agency-wide broad-based Strategic Goals. The three Strategic Goals are:

- Optimize the Experience of SSA Customers (Customer Experience);
- Build an Inclusive, Engaged, and Empowered Workforce (Build Workforce); and
- Ensure Stewardship of SSA Programs (Stewardship).

Chart 11c exhibits the distribution of FY 2022 SSA and OIG LAE operating expenses to the three APP Strategic Goals, which agree to the agency's LAE budget appropriation. As noted earlier in this report, the agency revised its Strategic Goals starting in FY 2022. Therefore, because the Strategic Goals are not comparable between FY 2022 and FY 2021, we did not include a chart showing the distribution of FY 2021 operating expenses by Strategic Goal.

Chart 11c
FY 2022 Operating Expenses by Strategic Goal (Dollars in Millions)



For Chart 11c, we subtracted LAE ARRA and CARES Act expenses from total SSA LAE operating expenses before distributing the operating expenses to the agency's APP Strategic Goals. We do not include OASI and DI Trust Fund Operations and Vocational Rehabilitation expenses (see Chart 11a) in LAE by Strategic Goal as these amounts are disbursed from the OASI and DI Trust Funds and are not directly linked to the budget authority.

12. EXCHANGE REVENUES

SSA recognizes revenue from exchange transactions when goods and services are provided. The goods and services provided are priced so that charges do not exceed the agency's cost. Total exchange revenue is $320 and $312 million for the years ended September 30, 2022 and 2021. SSA's exchange revenue primarily consists of fees collected to administer SSI State Supplementation. The fees charged to the States are $13.16 and $12.49, per payment, for the years ended September 30, 2022 and 2021. SSA has agreements with 20 States and the District of Columbia to administer some or all of the States' supplement to Federal SSI benefits. Additional fees are collected for handling OASI and DI Trust Fund and SSI attorney fees. Other exchange revenue consists of reimbursement for performing non-mission work for Federal and non-Federal entities. Chart 12 discloses SSA's exchange revenue by activity.

Chart 12 - Exchange Revenue as of September 30:
(Dollars in Millions)

	2022	2021
SSI State Supplementation Fees	$ 236	$ 211
SSI Attorney Fees	6	7
DI Attorney Fees	20	20
OASI Attorney Fees	1	1
Other Exchange Revenue	57	73
Total Exchange Revenue	$ 320	$ 312

SSI administrative fees are split between fees that SSA can use and fees that belong to Treasury's General Fund. The General Fund's portion of these administrative fees are $95 and $91 million for the years ended September 30, 2022 and 2021. Of these amounts, $89 and $84 million were collected to administer SSI State Supplementation for the years ended September 30, 2022 and 2021. SSA maintains the remainder of the SSI administrative fees, which meet the criteria of a fund from dedicated collections, in the amounts of $147 and $127 million for the years ended September 30, 2022 and 2021, to defray expenses in carrying out the SSI program.

13. Tax Revenues

Treasury estimates monthly employment tax revenues based on SSA's quarterly estimate of taxable earnings. Treasury uses these estimates to credit the OASI and DI Trust Funds with tax receipts received during the month. Treasury adjusts the amounts previously credited to the OASI and DI Trust Funds based on actual wage data SSA certified quarterly.

As required by current law, the OASI and DI Trust Funds are due the total amount of employment taxes payable regardless of whether they have been collected. These estimated amounts are subject to adjustments for wages that were previously unreported, employers misunderstanding the wage reporting instructions, businesses terminating operations during the year, or errors made and corrected with either the Internal Revenue Service (IRS) or SSA. Revenues to the OASI and DI Trust Funds are reduced for excess employment taxes, which are refunded by offset against income taxes.

Chart 13 displays SSA's Tax Revenue, as reported on the Consolidated Statements of Changes in Net Position, by major program.

Chart 13 - Tax Revenue as of September 30:
(Dollars in Millions)

	2022	2021
OASI	$ 929,042	$ 831,124
DI	157,816	141,195
Total Tax Revenue	$ 1,086,858	$ 972,319

14. Imputed Financing

SSA recognizes the full cost of goods and services it receives from other entities on our Consolidated Statements of Net Cost. In some instances, goods or services provided by one Federal entity to another may not be fully reimbursed by the receiving entity. The unreimbursed portion of these costs is considered an imputed cost, and must be recognized on the receiving entity's Statement of Net Cost. The funding for these imputed costs is recognized as an imputed financing source on the receiving entity's Statement of Changes in Net Position. SSA has activities with OPM, Treasury, and the Department of Homeland Security (DHS) that require imputed costs and financing sources to be recognized. While the imputed financing sources are shown on the face of the Consolidated Statements of Changes in Net Position, the imputed costs are included in the operating expense amounts reported on the Consolidated Statements of Net Cost.

OPM administers three earned benefit programs for civilian Federal employees: (1) the Retirement Program, comprised of the CSRS and the FERS; (2) the Federal Employees Health Benefits Program (FEHBP); and (3) the Federal Employee Group Life Insurance Program (FEGLI). The total service costs for SSA employee pensions, life, and health insurance are financed by contributions of SSA, participating employees, and OPM. The Consolidated Statements of Net Cost recognize post-employment benefit expenses of $1,491 and $1,428 million for the years ended September 30, 2022 and 2021, as a portion of operating expenses. The expense represents the current and estimated future costs of SSA and OPM for SSA employee pensions, life, and health insurance. SSA is responsible for a portion of the costs of each benefit program during the fiscal year, while OPM covers the remaining costs. SSA recognizes these costs on our financial statements as an imputed cost with a corresponding imputed financing source.

Treasury, on SSA's behalf, processes the payments for SSI benefits. While the majority of the administrative costs associated with processing these payments are recorded as imputed costs with an associated imputed financing source, SSA is responsible for the costs related to postage. In addition, when funds are not legally available to pay monetary awards from SSA's own appropriations, Treasury issues payments from the Judgment Fund on behalf of SSA for court judgments and Department of Justice compromise settlements of actual or imminent lawsuits against SSA. These costs are also recorded as imputed costs with a corresponding imputed financing source.

DHS provides SSA with capabilities and tools that identify cybersecurity risks as part of their Continuous Diagnostics and Mitigation (CDM) program. Specifically, DHS has provided SSA with hardware and internal use software associated with this program.

Chart 14 discloses SSA's imputed financing sources by activity.

CHART 14 - IMPUTED FINANCING SOURCES AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2022	2021
Employee Benefits (OPM)		
CSRS	$ 52	$ 58
FERS	10	3
FEHBP	521	514
FEGLI	1	1
Total Employee Benefits	584	576
SSI Benefit Payments (Treasury)	17	17
Judgment Fund (Treasury)	1	2
CDM Program (DHS)	7	0
Total Imputed Financing Sources	$ 609	$ 595

15. BUDGETARY RESOURCES

APPROPRIATIONS RECEIVED

The Combined Statements of Budgetary Resources discloses Appropriations Received of $1,347,799 and $1,232,394 million for the years ended September 30, 2022 and 2021. Appropriations Received on the Consolidated Statements of Changes in Net Position are $114,082 and $94,946 million for the same periods. The differences of $1,233,717 and $1,137,448 million primarily represent appropriated OASI and DI Trust Fund receipts. The Consolidated Statements of Changes in Net Position reflect new appropriations received during the year; however, those amounts do not include dedicated receipts in the OASI and DI Trust Funds.

Appropriations Received for PTF are recorded based on warrants received from the General Fund and presented as Other in the financial statements. These amounts are transferred to the Bureau of Fiscal Service where they are also recorded as Appropriations Received in the OASI and DI Trust Funds. Because OASI and DI Trust Fund activity is combined with Other on SSA's Combined Statements of Budgetary Resources, Appropriations Received for PTF are duplicated. This is in compliance with OMB's Circular No. A-136 to have the Combined Statements of Budgetary Resources in agreement with the required SF-133. These amounts are also included on the Consolidated Statements of Changes in Net Position for Other in Appropriations Received.

Permanent Indefinite Appropriation

SSA has three Permanent Indefinite Appropriations: OASI and DI Trust Funds and Title VIII. The OASI Trust Fund provides retirement and survivors benefits to qualified workers and their families. The DI Trust Fund provides disability benefits to individuals who cannot work because they have a medical condition expected to last one year or result in death. The authority remains available as long as there are qualified beneficiaries.

The Title VIII Program was established as part of Public Law 106-169, *Foster Care Independence Act of 1999*. It provides special benefits to World War II Philippine veterans receiving SSI, who wanted to spend their remaining years outside the U.S. Prior to the passage of Public Law 106-169, the veterans' SSI benefits would terminate the month after leaving the U.S. Under the new law, these veterans will receive 75 percent of their benefits. The authority remains available as long as there are qualified recipients.

Legal Arrangements Affecting Use of Unobligated Balances

During the year, the OASI and DI Trust Funds collect receipts and incur obligations. The receipts are primarily made up of tax and interest revenues. As beneficiaries pass the various entitlement tests prescribed by the *Social Security Act*, benefit payments and other outlays are obligated against the OASI and DI Trust Funds. During a given year, when receipts collected exceed the amount needed to pay benefits and other valid obligations, the excess authority becomes precluded by law from being available for obligations, as of September 30. While this amount is precluded from obligation at the end of one fiscal year, the excess receipts remain assets of the OASI and DI Trust Funds and can become available in future periods as needed.

Chart 15a provides an overview of fiscal year budgetary receipt and obligation information for the OASI and DI Trust Funds. SSA compares the current year receipts to the current year obligations incurred to determine the excess or shortfall for a fiscal year.

Chart 15a - OASI and DI Trust Fund Activities as of September 30:
(Dollars in Millions)

	2022			2021		
	OASI	DI	Total	OASI	DI	Total
Receipts	$ 1,041,099	$ 162,029	$ 1,203,128	$ 935,997	$ 144,413	$1,080,410
Less: Obligations	1,084,655	149,087	1,233,742	994,976	142,452	1,137,428
Excess/(Shortfall) of Receipts Over Obligations	$ (43,556)	$ 12,942	$ (30,614)	$ (58,979)	$ 1,961	$ (57,018)

The overall Net Position of the OASI and DI Trust Funds included in Net Position, on the Consolidated Statements of Changes in Net Position, are $2,636,348 and $93,293 million for the year ended September 30, 2022, compared to $2,680,969 and $80,479 million for the year ended September 30, 2021.

Undelivered Orders at the End of the Period

Undelivered orders consist of orders of goods and services that SSA has not actually or constructively received. The total undelivered orders contain unpaid undelivered orders and advances, with unpaid orders making up the majority of the total. Chart 15b provides the undelivered orders amount by Federal, non-Federal, paid, and unpaid.

Chart 15b - Undelivered Orders as of September 30:
(Dollars in Millions)

	2022			2021		
	Federal	Non-Federal	Total	Federal	Non-Federal	Total
Unpaid Undelivered Orders	$ 728	$ 2,164	$ 2,892	$ 777	$ 2,085	$ 2,862
Paid Undelivered Orders	119	0	119	108	0	108
Total Undelivered Orders	$ 847	$ 2,164	$ 3,011	$ 885	$ 2,085	$ 2,970

Explanation of Differences Between the Combined Statement of Budgetary Resources and the Budget of the U.S. Government

SSA conducted a reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays as presented in the Combined Statements of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2021. All differences shown in the chart below are recognized as accepted differences. Expired activity is not included in the Budget of the U.S. Government. Distributed offsetting receipts are not included in the net outlay calculation within the Budget of the U.S. Government.

Chart 15c presents a reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and outlays as presented in the Combined Statements of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2021.

Chart 15c - Explanation of Differences Between Combined Statement of Budgetary Resources and the Budget of the U.S. Government for FY 2021:
(Dollars in Millions)

	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 1,254,486	$1,248,653	$ 37,293	$ 1,192,452
Expired activity not in President's Budget	(542)	0	0	0
Offsetting Receipts activity not in President's Budget	0	0	0	37,293
Other	(1)	(2)	(1)	1
Budget of the U.S. Government	$ 1,253,943	$1,248,651	$ 37,292	$ 1,229,746

A reconciliation has not been conducted for the year ended September 30, 2022 since the actual budget data for FY 2022 will not be available until the President's Budget is published. Once available, the actual budget data will be located on OMB's Appendix website.

16. Reconciliation of Net Cost to Net Outlays

Chart 16 presents a reconciliation between SSA's budgetary and financial accounting. Budgetary accounting is used for planning and spending control purposes. The net outlays portion of budgetary accounting focuses on the receipt and use of cash. Financial accounting is intended to provide a picture of the Government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The net costs portion of financial accounting focuses on expenses and revenue.

The reconciliation below shows the relationship between SSA's net outlays, presented on a budgetary cash basis and derived from the Combined Statements of Budgetary Resources, and net costs, presented on an accrual basis and derived from the Consolidated Statements of Net Cost, by identifying and explaining key items that affect one statement but not the other. Examples of this include transfers of authority, which affect net outlays but not net cost, or depreciation of capitalized assets that affect net cost, but not net outlays.

Chart 16 - Reconciliation of Net Cost to Net Outlays for the Years Ended September 30, 2022 and 2021
(Dollars in Millions)

	2022			2021		
	Intra-governmental	**With the Public**	**Total**	Intra-governmental	With the Public	Total
Net Cost	**$ 4,726**	**$ 1,289,721**	**$ 1,294,447**	$ 4,652	$ 1,189,520	$ 1,194,172
Components of Net Cost That Are Not Part of Net Outlays:						
Property, plant, and equipment depreciation	**0**	**(741)**	**(741)**	0	(673)	(673)
Increase/(decrease) in assets:						
Accounts receivable	**(110)**	**75**	**(35)**	482	(820)	(338)
Other assets	**10**	**0**	**10**	33	0	33
(Increase)/decrease in liabilities:						
Accounts payable	**25**	**37**	**62**	15	27	42
Benefits Due and Payable	**0**	**(15,379)**	**(15,379)**	0	(2,789)	(2,789)
Federal Employee and Veteran Benefits Payable	**0**	**40**	**40**	0	(11)	(11)
Other liabilities	**(278)**	**375**	**97**	561	(7)	554
Financing sources						
Imputed Costs	**(609)**	**0**	**(609)**	(594)	0	(594)
Total Components of Net Cost That Are Not Part of Net Outlays	**$ (962)**	**$ (15,593)**	**$ (16,555)**	$ 497	$ (4,273)	$ (3,776)
Components of Net Outlays That Are Not Part of Net Cost:						
Acquisition of capital assets	**0**	**1,199**	**1,199**	0	1,280	1,280
Financing Sources						
Transfers out(in) without reimbursement	**123**	**0**	**123**	(484)	0	(484)
Expenditure Transfers Collected/Disbursed	**2,557**	**0**	**2,557**	1,940	0	1,940
Total Components of Net Outlays That Are Not Part of Net Cost	**$ 2,680**	**$ 1,199**	**$ 3,879**	$ 1,456	$ 1,280	$ 2,736
Miscellaneous Items						
Custodial/Non-Exchange Revenue	**(54)**	**(96)**	**(150)**	(106)	(98)	(204)
Non-Entity Activity	**434**	**0**	**434**	(476)	0	(476)
Total Other Reconciling Items	**380**	**(96)**	**284**	(582)	(98)	(680)
Net Outlays	**$ 6,824**	**$ 1,275,231**	**$ 1,282,055**	$ 6,023	$ 1,186,429	$ 1,192,452

The $15,379 million increase in Benefits Due and Payable for the year ended September 30, 2022, is primarily related to amounts owed to program recipients that have not yet been paid as of the balance sheet date. The increased Benefits Due and Payable when comparing FY 2022 to FY 2021 is due primarily to a 5.9 percent Cost of Living Adjustment beneficiaries received in 2022 and an increase in the number of beneficiaries during FY 2022.

The $1,199 million in Acquisition of Capital Assets for the year ended September 30, 2022, primarily consists of capitalized costs associated with Internal Use Software. The purchases of assets are part of net outlays, but not part of net cost. For additional information, refer to Note 7, General Property, Plant, and Equipment, Net. The $2,557 million in Expenditure Transfers Disbursed for the year ended September 2022, is primarily related to disbursements from the OASI/DI Trust Funds to cover SSA's costs of the Railroad Retirement Interchange. The disbursements are part of net outlays, but not part of net cost. Refer to Note 9, Liabilities, for additional information on the Railroad Retirement Interchange.

For FY 2021, the $2,789 million increase in Benefits Due and Payable is primarily related to amounts owed to program recipients that have not yet been paid as of the balance sheet date. This accrued payable is included in net cost, but not included in net outlays. The $1,280 million in Acquisition of Capital Assets primarily consists of capitalized costs associated with Internal Use Software. The purchases of assets are part of net outlays, but not part of net cost. The $1,940 million in Expenditure Transfers Disbursed is primarily related to disbursements from the OASI/DI Trust Funds to cover SSA's costs of the Railroad Retirement Interchange. The disbursements are part of net outlays, but not part of net cost.

17. Social Insurance Disclosures

Statements of Social Insurance

The Statements of Social Insurance show the present value for the 75-year projection period of the estimated future noninterest income, estimated future cost, and the excess of income over cost for both the "open group" and "closed group" of participants. The open group of participants includes all current and future participants (including those born during the projection period) who are now participating or are expected to eventually participate in the OASDI social insurance program. The closed group of participants includes only current participants (i.e., those who attain age 15 or older in the first year of the projection period). The closed group disclosure is not relevant to the financial status because the program is financed largely on a pay-as-you-go basis.

Present values are computed based on the intermediate economic and demographic assumptions described in *The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2022 Trustees Report) for the 75-year projection period beginning January 1, 2022. These assumptions represent the Trustees' reasonable estimate of likely future economic and demographic conditions. Similar present values are shown in the Statements of Social Insurance based on the prior four Trustees Reports reflecting present values on January 1 of the applicable year.

Estimated future noninterest income consists of payroll taxes from employers, employees, and self-employed persons; revenue from Federal income-taxation of scheduled OASDI benefits; and miscellaneous reimbursements from the General Fund of the Treasury. It does not include interest income on reserves held in the combined OASI and DI Trust Funds, because the present value calculation discounts all cash flows at the effective yield on OASI and DI Trust Fund reserves. The estimated future cost includes benefit amounts scheduled under current law, administrative expenses, and net transfers with the Railroad Retirement program.

The present value of the estimated future excess of noninterest income over cost is shown in the Statements of Social Insurance, not only for the open group of participants, but also for the closed group of participants. The closed group of participants consists of those who, have attained age 15 or older in the starting year of the projection period. This closed group is further divided into those who have attained retirement eligibility age (i.e., age 62 and over) in the starting year of the projection period and those who attained age 15 through 61 in the starting year of the projection period. The Statements of Social Insurance also present the present value of estimated future noninterest income less estimated future cost *plus* the combined OASI and DI Trust Fund reserves at the start of the period on both an open and closed group basis.

Combined OASI and DI Trust Fund reserves represent the accumulated excess of all past income, including interest on prior combined OASI and DI Trust Fund reserves, over all past expenditures for the OASDI program. The combined OASI and DI Trust Fund reserves as of January 1, 2022 totaled $2,852 billion and were comprised entirely of investment securities that are backed by the full faith and credit of the Federal Government.

The present value for a 75-year projection period of estimated future excess of noninterest income over cost, plus the combined OASI and DI Trust Fund reserves at the start of the period, is shown as a negative value. Its magnitude is commonly referred to as the "open group unfunded obligation" of the OASDI program over the 75-year projection period. This value is included in the applicable Trustees Report and is shown in the Report as a percentage of taxable payroll and as a percentage of gross domestic product (GDP) over the period.

Because the OASDI program lacks borrowing authority, the open group unfunded obligation represents the amount of benefits scheduled in the law that would not be payable in the years after the reserves in the combined OASI and DI Trust Funds become depleted. Thus, if the reserves in the combined OASI and DI Trust Funds become depleted, the amount of money available to pay benefits and other expenses would be limited to continuing noninterest income. Therefore, barring legislative action, this unfunded obligation represents a financial shortfall that would be accommodated by either paying benefits that are less than the amount scheduled or by delaying the payment of scheduled benefits.

ASSUMPTIONS USED FOR THE STATEMENTS OF SOCIAL INSURANCE

The present values used in this presentation for the current year (2022) are based on the full amounts of estimated noninterest income and the cost of providing benefits at the levels scheduled under current law, even after the OASI and DI Trust Fund reserves are depleted. Estimates are also based on various economic and demographic assumptions, including those in the following chart:

CHART 17A: SIGNIFICANT ASSUMPTIONS AND SUMMARY MEASURES USED FOR THE STATEMENT OF SOCIAL INSURANCE 2022

	Total Fertility Rate[1]	Age-Sex-Adjusted Death Rate[2] (per 100,000)	Period Life Expectancy At Birth[3]		Net Annual Immigration (persons per year)[4]	Real Wage Differential[5] (percentage points)	Annual Percentage Change In:				Average Annual Interest Rate[10]
			Male	Female			Average Annual Wage in Covered Employment[6]	CPI[7]	Total Employment[8]	Real GDP[9]	
2022	1.68	824.8	75.7	80.9	1,440,000	1.98	6.52	4.54	3.1	3.9	1.8%
2030	1.87	738.4	77.1	82.1	1,341,000	1.25	3.65	2.40	0.4	2.0	4.6%
2040	1.98	679.8	78.2	83.0	1,288,000	1.17	3.57	2.40	0.3	1.9	4.7%
2050	2.00	627.2	79.2	83.9	1,256,000	1.11	3.51	2.40	0.4	2.0	4.7%
2060	2.00	580.6	80.2	84.7	1,240,000	1.16	3.56	2.40	0.4	2.0	4.7%
2070	2.00	539.3	81.2	85.4	1,228,000	1.16	3.56	2.40	0.3	1.9	4.7%
2080	2.00	502.6	82.0	86.2	1,221,000	1.13	3.53	2.40	0.4	2.0	4.7%
2090	2.00	469.9	82.9	86.8	1,217,000	1.14	3.54	2.40	0.5	2.1	4.7%
2100[11]	2.00	440.6	83.7	87.5	1,215,000	1.15	3.55	2.40	0.4	2.0	4.7%

Notes:

1. The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of April 1, 2010, if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
3. The period life expectancy at birth for a given year is the average number of years expected prior to death for a person born on January 1 in that year, using the mortality rates for that year over the course of his or her remaining life. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
4. Net annual immigration is the number of persons who enter during the year (both as lawful permanent residents and otherwise) minus the number of persons who leave during the year. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
5. The real wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Values are rounded after all computations.
6. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year, divided by the number of employees with any such earnings during the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
7. The CPI is CPI-W.
8. Total employment is total U.S. military and civilian employment. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
9. The real GDP is the value of the total output of goods and services in 2012 dollars. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
10. The average annual interest rate is the average of the nominal interest rates, compounded semiannually, for special public-debt obligations issuable to the OASI and DI Trust Funds in each of the 12 months of the year. After trust fund depletion, there would continue to be immediate investments of income in short-term certificates of indebtedness. The average annual interest rate is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
11. The valuation period used for the 2022 Statement of Social Insurance extends to 2096.

The present values used in the Statement of Social Insurance for the current year and in corresponding Statements in prior years are based on various economic and demographic assumptions. The values for each of these assumptions move from recently experienced levels or trends toward long-range ultimate values. These ultimate values are summarized in Chart 17b. Detailed information, similar to that denoted within Chart 17a, is available on our *Agency Financial Report* (AFR) website for the prior four years.

Chart 17b: Significant Long-Range Assumptions and Summary Measures Used for the Statements of Social Insurance for Current and Prior Years

Year of Statement	Total Fertility Rate[1]	Average Annual Percentage Reduction in the Age-Sex-Adjusted Death Rates[2]	Average Annual Net Immigration (persons per year)[3]	Average Annual Real Wage Differential[4] (percentage points)	Average Annual Percentage Change In: Average Annual Wage in Covered Employment[5]	Average Annual Percentage Change In: CPI[6]	Average Annual Percentage Change In: Total Employment[7]	Average Annual Real Interest Rate[8]
FY 2022	1.99	0.74	1,246,000	1.15	3.55	2.40	0.5	2.3
FY 2021	1.99	0.74	1,248,000	1.15	3.55	2.40	0.5	2.3
FY 2020	1.95	0.76	1,261,000	1.14	3.54	2.40	0.4	2.3
FY 2019	2.00	0.77	1,265,000	1.21	3.81	2.60	0.5	2.5
FY 2018	2.00	0.77	1,272,000	1.20	3.80	2.60	0.5	2.7

Notes:

1. The total fertility rate for any year is the average number of children that would be born to a woman if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period. For the Statements prior to 2021, the value presented is the ultimate total fertility rate. For the 2021 and 2022 Statements, the value shown is the average annual total fertility rate for the last 65 years of the 75-year projection period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of a standard date if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. For each of the listed Statements, the standard date was April 1, 2010. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. For the Statements prior to FY 2021, the value presented is the average annual percentage reduction for each 75-year projection period. For the 2021 and 2022 Statements, the value shown is the average annual percentage reduction for the last 65 years of the 75-year projection period.
3. Net annual immigration is the number of persons who enter during the year (both as lawful permanent residents and otherwise) minus the number of persons who leave during the year. The value in the chart is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. For the Statements prior to FY 2021, the value shown is the average net immigration level projected for the 75-year projection period. For the 2021 and 2022 Statements, the value presented is the average net immigration level projected for the last 65 years of the 75-year projection period.
4. The annual real wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in the CPI-W. The value presented is the average of annual real wage differentials for the last 65 years of the 75-year projection period.
5. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year divided by the number of employees with any such earnings during the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average annual percentage change from the 10th year of the 75-year projection period to the 75th year.
6. The CPI is the CPI-W. The ultimate assumption is reached within the first 10 years of the projection period.
7. Total employment is total U.S. military and civilian employment. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The average annual percentage change in total employment is for the entire 75-year projection period. The annual rate of increase tends to decline through the period reflecting the slowing growth rate of the working-age population. Thus, no ultimate rate of change is achieved.
8. The average annual real interest rate reflects the expected annual real yield for each year on securities issuable in the prior year. The ultimate rate is reached within the first 11 years of the projection period.

These assumptions and the other values on which Chart 17b is based reflect the intermediate assumptions of the 2018–2022 Trustees Reports. The values shown in the FY 2022 row of Chart 17b are consistent with the data shown in Chart 17a. Estimates made prior to this year may differ substantially because of revisions to the assumptions based on changes in conditions or experience, and to changes in actuarial methodology. It is reasonable to expect changes to actuarial assumptions and methodology in future reports. At this time, given the unprecedented level of uncertainty about the lasting effects of the COVID-19 pandemic, the individual long-range ultimate assumptions do not reflect any net effects due to the pandemic.

The *Required Supplementary Information: Social Insurance* section of this report contains additional information on social insurance.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS

The Statements of Changes in Social Insurance Amounts reconcile changes, from the beginning of one 75-year valuation period to the next, in the: (1) present value of estimated future noninterest income less estimated future cost for current and future participants (the open group measure) over the next 75 years; (2) starting reserves of the combined OASI and DI Trust Funds; and (3) present value of estimated future noninterest income less estimated future cost for current and future participants over the next 75 years plus the reserves of the combined OASI and DI Trust Funds. These values are included in the Statements of Social Insurance. The Statements of Changes in Social Insurance Amounts show two reconciliations: (1) change from the period beginning on January 1, 2021 to the period beginning on January 1, 2022; and (2) change from the period beginning on January 1, 2020 to the period beginning on January 1, 2021. The reconciliation identifies several changes that are significant and provides reasons for the changes.

The five changes considered in the Statements of Changes in Social Insurance Amounts are, in order:

- Change in the valuation period;
- Changes in demographic data, assumptions, and methods;
- Changes in economic data, assumptions, and methods;
- Changes in programmatic data and methods; and
- Changes in law or policy.

All estimates in the Statements of Changes in Social Insurance Amounts represent values that are incremental to the prior change. As an example, the present values shown for economic data, assumptions, and methods represent the additional effect of these new data, assumptions, and methods after considering the effects from demography and the change in the valuation period. In general, an increase in the present value of net cash flows represents a positive change (improving financing), while a decrease in the present value of net cash flows represents a negative change (worsening financing).

CHANGE IN THE VALUATION PERIOD

From the period beginning on January 1, 2021 to the period beginning on January 1, 2022

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2021–2095) to the current valuation period (2022–2096) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative estimated net cash flow for 2021, replaces it with a much larger negative estimated net cash flow for 2096, and measures the present values as of January 1, 2022, one year later. Thus, the present value of estimated future net cash flows (excluding the combined OASI and DI Trust Fund reserves at the start of the period) decreased (i.e., became more negative) when the 75-year valuation period changed from 2021–2095 to 2022–2096. In addition, the effect on the level of reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2021 are realized. The change in valuation period decreased the starting level of reserves in the combined OASI and DI Trust Funds. As a result, the present value of the estimated future net cash flows decreased by $0.7 trillion.

From the period beginning on January 1, 2020 to the period beginning on January 1, 2021

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2020–2094) to the current valuation period (2021–2095) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative estimated net cash flow for 2020, replaces it with a much larger negative estimated net cash flow for 2095, and measures the present values as of January 1, 2021, one year later. Thus, the present value of estimated future net cash flows (excluding the combined OASI and DI Trust Fund reserves at the start of the period) decreased (i.e., became more negative) when the 75-year valuation period changed from 2020–2094 to 2021–2095. In addition, the effect on the level of reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2020 are realized. The change in valuation period decreased the starting level of reserves in the combined OASI and DI Trust Funds. As a result, the present value of the estimated future net cash flows decreased by $0.7 trillion.

Changes in Demographic Data, Assumptions, and Methods

From the period beginning on January 1, 2021 to the period beginning on January 1, 2022

The ultimate demographic assumptions for the current valuation (beginning on January 1, 2022) are the same as those for the prior valuation. However, the starting demographic values and the way these values transition to the ultimate assumptions were changed.

- Final birth rate data for calendar year 2020 indicated slightly lower birth rates than were assumed in the prior valuation.
- Near-term lawful permanent resident (LPR) immigration data were updated since the prior valuation; near-term LPR immigration assumptions were also updated to better reflect the expected effects of the recovery from the pandemic.
- Historical population data and other-than-LPR immigration data were updated since the prior valuation.

Incorporating new birth rate data, changes to near-term LPR immigration data and assumptions, and changes to historical population and other-than-LPR immigration assumptions all decreased the present value of the estimated future net cash flows.

There was one notable change in demographic methodology. An improvement was made to put more emphasis on recent mortality data by increasing the weights for the most recent years in the regressions used to calculate the starting rates of improvement and starting death rates. This change decreased the present value of the estimated future net cash flows.

Overall, changes in demographic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $0.3 trillion.

From the period beginning on January 1, 2020 to the period beginning on January 1, 2021

For the current valuation (beginning on January 1, 2021), there were two changes to the ultimate demographic assumptions and an associated change in methodology.

- The ultimate total fertility rate was increased from 1.95 to 2.00 children per woman. At the same time, the projection method was improved to project future birth rates using a cohort-based model, rather than a period-based model as used in the prior valuation.

- A cause of death category was added, by separating dementia out from the all-other-causes category, and ultimate mortality improvement rates were updated for cardiovascular disease for all age groups and for the all-other-causes category at ages 85 and over.

The combined effect of the change in the ultimate total fertility rate and the new cohort-based fertility model decreased the present value of estimated future net cash flows. The changes to ultimate mortality improvement rates increased the present value of estimated future net cash flows.

In addition to these changes in ultimate demographic assumptions and the associated methodology change, the starting demographic values and the way these values transition to the ultimate assumptions were changed. The most significant changes are identified below.

- Birth rate data through the third quarter of 2020 indicated somewhat lower birth rates than were assumed in the prior valuation.
- Death rates were increased significantly for 2020 and 2021, and to a lesser extent for 2022 and 2023, to account for the elevated deaths during the COVID-19 pandemic period.

Incorporating new birth rate data decreased the present value of the estimated future net cash flows. Higher historical and near-term death rates due to the COVID-19 pandemic increased the present value of the estimated future net cash flows.

There were no additional notable changes in demographic methodology. Overall, changes in demographic data, assumptions, and methods caused the present value of the estimated future net cash flows to increase by $0.2 trillion.

Changes in Economic Data, Assumptions, and Methods

From the period beginning on January 1, 2021 to the period beginning on January 1, 2022

The ultimate economic assumptions for the current valuation (beginning on January 1, 2022) are the same as those for the prior valuation. However, the starting economic values and the way these values transition to the ultimate assumptions were changed. The most significant changes are identified below.

- Near-term real interest rates are assumed to be slightly higher on average than those for the prior valuation reflecting the strong recovery from the pandemic-induced recession.
- Economic starting values and near-term growth assumptions were updated to reflect the stronger-than-expected recovery from the pandemic-induced recession.
- The level of potential GDP for years 2021 and later is assumed to be about 1.1 percent higher than the level in the prior valuation, reflecting the strong recovery and the expectation of a permanent level shift in total economy labor productivity.

The changes to near-term real interest rates and the resulting effects on present value calculations decreased the present value of the estimated future net cash flows, while changes to starting values and near-term economic growth assumptions and the level shift in the assumptions for potential GDP increased the present value of the estimated future net cash flows.

There were no additional notable changes in economic methodology. Overall, changes to economic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $0.2 trillion.

From the period beginning on January 1, 2020 to the period beginning on January 1, 2021

For the current valuation (beginning on January 1, 2021), there were two changes to the ultimate economic assumptions and an associated change in methodology.

- The ultimate average real wage differential was slightly increased from 1.14 percentage points in the prior valuation to 1.15 percentage points in the current valuation. Additionally, the real wage differential assumptions for the first ten years of the projection period were also increased.
- The ultimate age-sex-adjusted unemployment rate was reduced from 5.0 percent for the prior valuation to 4.5 percent in the current valuation. At the same time, the labor force participation model was updated to incorporate data from the latest complete economic cycle, thereby putting more weight on the recent relationships among the various factors affecting labor force participation.

The higher real wage differential and the combined changes to the unemployment assumption and the labor force methodology both increased the present value of estimated future net cash flows.

In addition to these changes in ultimate economic assumptions and the associated methodology change, the starting economic values and the way these values transition to the ultimate assumptions were changed. The most significant changes are identified below.

- Near-term real interest rates were adjusted downward significantly. Real interest rates are now assumed to be negative for calendar years 2021 through 2024, with a gradual rise to the ultimate real interest rate after the economy has fully recovered from the recession.
- There were several changes in starting values and near-term economic growth assumptions primarily related to the COVID-19 pandemic and ensuing recession. In particular, the level of potential GDP is assumed to be roughly 1 percent lower than the level in the prior valuation beginning with the second quarter of 2020.

The changes to near-term real interest rates and the starting values and near-term economic growth assumptions decreased the present value of the estimated future net cash flows. The change to near-term real interest rates alone decreased the present value of the estimated future net cash flows by $0.8 trillion.

There were no additional notable changes in economic methodology. Overall, changes to economic data, assumptions, and methods caused the present value of the estimated future net cash flows to decrease by $1.2 trillion.

Changes in Programmatic Data and Methods

From the period beginning on January 1, 2021 to the period beginning on January 1, 2022

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2022). The most significant are identified below.

- The ultimate disability incidence rate was lowered from 5.0 per thousand exposed in the prior valuation to 4.8 in the current valuation. In addition, recent disability data and changes to the near-term disability incidence assumptions were incorporated.
- As in the prior valuation, the current valuation uses a 10 percent sample of all newly entitled worker beneficiaries in a recent year to project average benefit levels of retired-worker and disabled-worker beneficiaries. The sample used for the current valuation is for worker beneficiaries newly entitled in 2018, one year later than the 2017 sample used for the prior valuation.
- Recent data and estimates provided by the Office of Tax Analysis at Treasury indicate higher near-term and ultimate levels of revenue from taxation of OASDI benefits than projected in the prior valuation.
- Updates were made to the post-entitlement benefit adjustment factors. These factors are used to account for changes in benefit levels, primarily due to differential mortality by benefit level and earnings after benefit entitlement.

Lowering the disability incidence rate, the updated sample year, and the higher revenue from taxation of benefits increased the present value of estimated cash flows, while the updated post-entitlement factors decreased the present value of estimated cash flows. Overall, changes to programmatic data and methods caused the present value of the estimated future net cash flows to increase by $0.6 trillion.

From the period beginning on January 1, 2020 to the period beginning on January 1, 2021

The current valuation (beginning on January 1, 2021) includes several methodological improvements and updates of program-specific data. The most significant improvements and updates are identified below.

- As in the prior valuation, the current valuation uses a 10 percent sample of all newly entitled worker beneficiaries in a recent year to project average benefit levels of retired-worker and disabled-worker beneficiaries. The sample used for the current valuation is for worker beneficiaries newly entitled in 2017, one year later than the 2016 sample used for the prior valuation. There was also an improvement made to the average benefits model to assign projected earnings by age of initial entitlement, better reflecting the change between historical and projected retired worker distributions by entitlement age.
- Recent data and estimates provided by the Office of Tax Analysis at Treasury indicate lower near-term and ultimate levels of revenue from taxation of OASDI benefits than projected in the prior valuation.
- The methodology for projecting retroactive benefits for retired workers was improved to better capture the different rules for workers who become newly entitled prior to normal retirement age versus those who become entitled at or after normal retirement age.

All three of these methodological improvements decreased the present value of estimated cash flows. Overall, changes to programmatic data and methods caused the present value of the estimated future net cash flows to decrease by $1.2 trillion.

Changes in Law or Policy

From the period beginning on January 1, 2021 to the period beginning on January 1, 2022

Between the prior valuation (the period beginning on January 1, 2021) and the current valuation (the period beginning on January 1, 2022), no notable changes in law or policy are expected to have a significant effect on the long-range cost of the OASDI program.

From the period beginning on January 1, 2020 to the period beginning on January 1, 2021

Between the prior valuation (the period beginning on January 1, 2020) and the current valuation (the period beginning on January 1, 2021), one change in policy is expected to have a significant effect on the long-range cost of the OASDI program.

> On January 20, 2021, President Biden issued a memorandum directing the Secretary of Homeland Security to take appropriate action, in consultation with the Attorney General, to preserve and fortify the Deferred Action for Childhood Arrivals (DACA) policy consistent with applicable law. This change to preserve DACA extends indefinitely the ability of those qualifying to remain in the country and work lawfully. The effect over the next 75 years is to increase future benefits slightly more than future payroll tax revenue because: (1) a significant portion of the payroll taxes from this group has already been credited to the OASI and DI Trust Funds, while the vast majority of the OASDI benefits they will earn will be in the future, dependent on their preserving DACA status; and (2) currently scheduled payroll tax rates are not sufficient to fully finance future benefits for this group and in general.

The change to preserve DACA indefinitely decreased the present value of estimated future net cash flows by less than $0.1 trillion.

Assumptions Used for the Statements of Changes in Social Insurance Amounts

The present values included in the Statements of Changes in Social Insurance Amounts are for the current and prior years and are based on various economic and demographic assumptions used for the intermediate assumptions in the Trustees Reports for those years. Chart 17a summarizes these assumptions for the current year. Our AFR website provides tabulated assumptions for the prior year in a similar manner.

Period Beginning on January 1, 2021 and Ending January 1, 2022

Present values as of January 1, 2021 are calculated using interest rates from the intermediate assumptions of the 2021 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2022. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2021 Trustees Report. Because interest rates are an economic estimate and all estimates in the chart are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2022 Trustees Report.

Period Beginning on January 1, 2020 and Ending January 1, 2021

Present values as of January 1, 2020 are calculated using interest rates from the intermediate assumptions of the 2020 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2021. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2020 Trustees Report. Because interest rates are an economic estimate and all estimates in the chart are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2021 Trustees Report.

18. Reclassification of the Statement of Net Cost for the Federal Financial Report Compilation Process

To prepare the *Financial Report of the U.S. Government* (FR), Treasury requires agencies to submit in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) an adjusted trial balance, which lists the amounts by U.S. Standard General Ledger accounts that appear in the agency financial statements. Treasury uses the trial balance reported in GTAS to develop a reclassified Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for each agency. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to compile to the FR statements. SSA presents the Consolidated Balance Sheets, Statements of Changes in Net Position, and Note 10, Funds from Dedicated Collections in compliance with the required format in OMB's Circular No. A-136. Therefore, per OMB's guidance, SSA is not required to compile a reclassified Balance Sheet and Statement of Changes in Net Position. This note includes the Statement of Net Cost line items and the reclassified statement line items prior to Treasury's elimination of intragovernmental differences and aggregation of FR lines. The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government. The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments. A copy of the FY 2021 FR is available on Treasury's website and a copy of the FY 2022 FR will be posted to this site as soon as it is released.

SSA's FY 2022 reconciliation of agency Statement of Net Cost amounts to Treasury's reclassified statement is included in Chart 18.

Chart 18 - Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2022

(Dollars in Millions)

FY 2022 Statement of Net Cost		Line Items Used to Prepare FY 2022 Government-wide Statement of Net Cost			
Financial Statement Line	**Amount**	**Dedicated Collections**	**Other than Dedicated Collections**	**Total**	**Reclassified Financial Statement Line**
Benefit Payment Expense	$ 1,279,966				
Operating Expenses (Note 11)	14,801				
		$ 1,221,614	$ 68,382	$ 1,289,996	Non-Federal Costs
					Intragovernmental Costs
			1,474	1,474	Benefit Program Costs
			609	609	Imputed Costs
		709	1,617	2,326	Buy/Sell Costs
			362	362	Other Expenses (without Reciprocals)
		709	4,062	4,771	Total Intragovernmental Costs
Total Cost	1,294,767	1,222,323	72,444	1,294,767	Total Reclassified Gross Costs
		(168)	(107)	(275)	Non-Federal Earned Revenue
			(45)	(45)	Buy/Sell Revenue
Less: Exchange Revenues (Note 12)	(320)	(168)	(152)	(320)	Total Reclassified Earned Revenue
Total Net Cost	$ 1,294,447	$ 1,222,155	$ 72,292	$ 1,294,447	**Net Cost**

Note:

* The chart above does not contain any columns for eliminations as SSA does not have eliminations within our Statement of Net Cost.

Other Information: Balance Sheet by Major Program
as of September 30, 2022
(Dollars in Millions)

Assets	OASI	DI	SSI	Other	LAE	Intra-Agency Eliminations	Consolidated
Intragovernmental:							
Fund Balance with Treasury	$ 29	$ 12	$ 7,758	$ 104	$ 41	$ 0	$ 7,944
Investments	2,738,837	115,365	0	0	0	0	2,854,202
Accounts Receivable, Net	371	0	0	0	3,810	(2,955)	1,226
Advances and Prepayments	0	0	73	0	46	0	119
Total Intragovernmental	2,739,237	115,377	7,831	104	3,897	(2,955)	2,863,491
With the Public							
Accounts Receivable, Net	2,064	2,897	4,199	0	41	(519)	8,682
General Property, Plant, and Equipment, Net	0	0	0	0	4,830	0	4,830
Total with the Public	2,064	2,897	4,199	0	4,871	(519)	13,512
Total Assets	$2,741,301	$ 118,274	$ 12,030	$ 104	$ 8,768	$ (3,474)	$ 2,877,003
Liabilities							
Intragovernmental:							
Accounts Payable	$ 6,319	$ 758	$ 1,306	$ 34	$ 24	$ (2,955)	$ 5,486
Other Liabilities	0	0	3,986	3	84	0	4,073
Total Intragovernmental	6,319	758	5,292	37	108	(2,955)	9,559
With the Public							
Accounts Payable	0	4	216	0	47	0	267
Federal Employee and Veteran Benefits Payable	0	0	0	0	675	0	675
Benefits Due and Payable	98,634	24,219	3,868	0	0	(519)	126,202
Advances from Others and Deferred Revenue	0	0	11	0	2	0	13
Other Liabilities	0	0	19	1	104	0	124
Total with the Public	98,634	24,223	4,114	1	828	(519)	127,281
Total Liabilities	$ 104,953	$ 24,981	$ 9,406	$ 38	$ 936	$ (3,474)	$ 136,840
Commitments and Contingencies (Note 9)							
Net Position							
Unexpended Appropriations - Funds from other than Dedicated Collections	$ 0	$ 0	$ 4,791	$ 66	$ 5	$ 0	$ 4,862
Cumulative Results of Operations - Funds from Dedicated Collections	2,636,348	93,293	9	0	0	0	2,729,650
Cumulative Results of Operations - Funds from other than Dedicated Collections	0	0	(2,176)	0	7,827	0	5,651
Total Cumulative Results of Operations	2,636,348	93,293	(2,167)	0	7,827	0	2,735,301
Total Net Position	$2,636,348	$ 93,293	$ 2,624	$ 66	$ 7,832	$ 0	$ 2,740,163
Total Liabilities and Net Position	$2,741,301	$ 118,274	$ 12,030	$ 104	$ 8,768	$ (3,474)	$ 2,877,003

Other Information: Schedule of Net Cost for the Year Ended September 30, 2022
(Dollars in Millions)

	Program	LAE	Total
OASI Program			
Benefit Payment Expense	$ 1,075,126	$ 0	$ 1,075,126
Operating Expenses	625	3,584	4,209
Total Cost of OASI Program	1,075,751	3,584	1,079,335
Less: Exchange Revenues	(1)	(15)	(16)
Net Cost of OASI Program	$ 1,075,750	$ 3,569	$ 1,079,319
DI Program			
Benefit Payment Expense	$ 146,259	$ 0	$ 146,259
Operating Expenses	313	2,610	2,923
Total Cost of DI Program	146,572	2,610	149,182
Less: Exchange Revenues	(20)	(11)	(31)
Net Cost of DI Program	$ 146,552	$ 2,599	$ 149,151
SSI Program			
Benefit Payment Expense	$ 58,581	$ 0	$ 58,581
Operating Expenses	246	4,512	4,758
Total Cost of SSI Program	58,827	4,512	63,339
Less: Exchange Revenues	(242)	(19)	(261)
Net Cost of SSI Program	$ 58,585	$ 4,493	$ 63,078
Other			
Operating Expenses	$ 0	$ 2,911	$ 2,911
Less: Exchange Revenues	0	(12)	(12)
Net Cost of Other Program	$ 0	$ 2,899	$ 2,899
Total Net Cost			
Benefit Payment Expense	$ 1,279,966	$ 0	$ 1,279,966
Operating Expenses	1,184	13,617	14,801
Total Cost	1,281,150	13,617	1,294,767
Less: Exchange Revenues	(263)	(57)	(320)
Total Net Cost	$ 1,280,887	$ 13,560	$ 1,294,447

Other Information: Schedule of Changes in Net Position for the Year Ended September 30, 2022
(Dollars in Millions)

	OASI	DI	SSI		Other	
	Funds from Dedicated Collections	Funds from Dedicated Collections	Funds from Dedicated Collections	Funds from other than Dedicated Collections	Funds from Dedicated Collections	Funds from other than Dedicated Collections
Unexpended Appropriations:						
Beginning Balances	$ 0	$ 0	$ 0	$ 4,818	$ 0	$ 67
Appropriations Received	0	0	0	65,514	48,502	35
Other Adjustments	0	0	0	(2)	0	(8)
Appropriations Used	0	0	0	(65,539)	(48,502)	(28)
Net Change in Unexpended Appropriations	0	0	0	(27)	0	(1)
Total Unexpended Appropriations - Ending	0	0	0	4,791	0	66
Cumulative Results of Operations:						
Beginning Balances	$ 2,680,969	$ 80,479	$ 0	$ (1,908)	$ 0	$ 0
Appropriations Used	0	0	0	65,539	48,502	28
Non-Exchange Revenue						
Tax Revenues	929,042	157,816	0	0	0	0
Interest Revenues	64,137	2,716	0	0	0	0
Other	1	0	0	0	0	0
Total Non-Exchange Revenue	993,180	160,532	0	0	0	0
Transfers In/Out - Without Reimbursement	37,949	(1,166)	(138)	(6,657)	(48,502)	2,222
Imputed Financing Sources	0	0	0	17	0	0
Other	0	0	0	(435)	0	(2,250)
Net Cost of Operations	1,075,750	146,552	(147)	58,732	0	0
Net Change	(44,621)	12,814	9	(268)	0	0
Cumulative Results of Operations - Ending	$ 2,636,348	$ 93,293	$ 9	$ (2,176)	$ 0	$ 0
Net Position	$ 2,636,348	$ 93,293	$ 9	$ 2,615	$ 0	$ 66

Other Information: Schedule of Changes in Net Position for the Year Ended September 30, 2022 (Continued)
(Dollars in Millions)

	LAE	Consolidated		Consolidated
	Funds from other than Dedicated Collections	Funds from Dedicated Collections	Funds from other than Dedicated Collections	**Total**
Unexpended Appropriations:				
Beginning Balances	$ 4	$ 0	$ 4,889	$ 4,889
Appropriations Received	31	48,502	65,580	114,082
Other Adjustments	(1)	0	(11)	(11)
Appropriations Used	(29)	(48,502)	(65,596)	(114,098)
Net Change in Unexpended Appropriations	1	0	(27)	(27)
Total Unexpended Appropriations - Ending	5	0	4,862	4,862
Cumulative Results of Operations:				
Beginning Balances	$ 7,362	$ 2,761,448	$ 5,454	$ 2,766,902
Appropriations Used	29	48,502	65,596	114,098
Non-Exchange Revenue				
Tax Revenues	0	1,086,858	0	1,086,858
Interest Revenues	0	66,853	0	66,853
Other	0	1	0	1
Total Non-Exchange Revenue	0	1,153,712	0	1,153,712
Transfers In/Out Without Reimbursement	13,404	(11,857)	8,969	(2,888)
Imputed Financing Sources	592	0	609	609
Other	0	0	(2,685)	(2,685)
Net Cost of Operations	13,560	1,222,155	72,292	1,294,447
Net Change	465	(31,798)	197	(31,601)
Cumulative Results of Operations - Ending	$ 7,827	$ 2,729,650	$ 5,651	$ 2,735,301
Net Position	$ 7,832	$ 2,729,650	$ 10,513	$ 2,740,163

Required Supplementary Information: Combining Schedule of Budgetary Resources for the Year Ended September 30, 2022

(Dollars in Millions)

	OASI	DI	SSI	Other	LAE	Combined
Budgetary Resources (Note 15)						
Unobligated Balance From Prior Year Budget Authority, Net	$ 154	$ 9	$ 4,978	$ 59	$ 1,220	$ 6,420
Appropriations (Discretionary and Mandatory)	1,084,501	149,078	65,652	48,537	31	1,347,799
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	0	0	2,835	0	13,478	16,313
Total Budgetary Resources	$ 1,084,655	$ 149,087	$ 73,465	$ 48,596	$ 14,729	$ 1,370,532
Status of Budgetary Resources						
New obligations and upward adjustments						
Direct	$ 1,084,655	$ 149,087	$ 65,796	$ 48,530	$ 13,826	$ 1,361,894
Reimbursable	0	0	3,025	0	68	3,093
New obligations and upward adjustments (total)	1,084,655	149,087	68,821	48,530	13,894	1,364,987
Unobligated Balance , End of Year						
Apportioned, unexpired accounts	0	0	4,517	37	432	4,986
Unapportioned, unexpired accounts	0	0	124	0	9	133
Unexpired unobligated balance, end of year	0	0	4,641	37	441	5,119
Expired unobligated balance, end of year	0	0	3	29	394	426
Unobligated balance, end of year (total)	0	0	4,644	66	835	5,545
Total Budgetary Resources	$ 1,084,655	$ 149,087	$ 73,465	$ 48,596	$ 14,729	$ 1,370,532
Outlays, Net						
Outlays, Net (Discretionary and Mandatory)	$ 1,073,223	$ 145,392	$ 65,846	$ 48,535	$ 83	$ 1,333,079
Distributed Offsetting Receipts	(46,977)	(1,555)	(242)	(2,250)	0	(51,024)
Agency Outlays, Net (Discretionary and Mandatory)	$ 1,026,246	$ 143,837	$ 65,604	$ 46,285	$ 83	$ 1,282,055

Required Supplementary Information: Social Insurance

Program Description

The Old-Age, Survivors, and Disability Insurance (OASDI) program, collectively referred to as "Social Security," provides cash benefits for eligible U.S. citizens and residents. At the end of calendar year 2021, the Social Security Administration paid OASDI benefits to about 65 million beneficiaries. The laws applicable for the period determine eligibility and benefit amounts. Current law provides that monthly benefit payments for workers and their eligible dependents or survivors are based on workers' lifetime earnings histories.

The OASDI program is financed largely on a pay-as-you-go basis--that is, OASDI payroll taxes paid each year by current workers are primarily used to pay the benefits provided during that year to current beneficiaries. The retired worker benefits it pays replace a larger proportion of earned income for lower earners than for higher earners. Changes in laws governing the program may alter the amount of OASDI income (e.g., payroll taxes) and benefits.

Program Finances and Sustainability

As discussed in Note 9 to the Consolidated Financial Statements, "Benefits Due and Payable" on the balance sheet for unpaid amounts of OASDI benefits due to recipients on or before that date includes a liability of approximately $122 billion as of September 30, 2022 ($107 billion as of September 30, 2021). We paid virtually all of this amount in October 2022. Also, the "investments in Treasury securities" recognizes an asset of $2,838 billion as of September 30, 2022 ($2,854 billion as of September 30, 2021). These investments are the combined OASI and DI Trust Fund asset reserves, and represent the accumulated excess for the OASDI program of all past income, including interest, over all past expenditures. They are invested only in securities backed by the full faith and credit of the Federal Government (see Investments and Interest Receivable, Note 5).

No liability has been recognized on the balance sheet for future payments to be made to current and future program participants beyond the unpaid amounts as of September 30, 2022 because OASDI is accounted for as a social insurance program rather than as a pension program. Accounting for a social insurance program recognizes the expense of benefits when they are actually paid or are due to be paid because benefit payments are nonexchange transactions and are not considered deferred compensation as would be employer-sponsored pension benefits for employees. Accrual accounting for a pension program, by contrast, recognizes as a liability retirement benefit expenses as they are earned so that the full estimated actuarial present value of the worker's expected retirement benefits has been recognized by the time the worker retires.

Required Supplementary Information - While there is no liability on the balance sheet for future obligations beyond those due at the reporting date, we present actuarial estimates of the long-range financial status of the OASDI program. Throughout this section, the following terms will generally be used as indicated:

- **Income**: payroll taxes from employers, employees, and self-employed persons; revenue from Federal income tax on scheduled OASDI benefits; interest income from Treasury securities held as reserves of the OASI and DI Trust Funds; and miscellaneous reimbursements from the General Fund of the Treasury;
- **Income excluding interest (Noninterest Income)**: income, as defined above, excluding the interest income from Treasury securities held as reserves of the OASI and DI Trust Funds;
- **Cost**: scheduled benefit payments, administrative expenses, net transfers with the Railroad Retirement program, and vocational rehabilitation expenses for disabled beneficiaries;
- **Cash flow**: depending on the context, either income, noninterest income, or cost;

- **NET CASH FLOW**: noninterest income less cost; and
- **PRESENT VALUE**: the equivalent value, as of a specified point in time and adjusted using a specified interest rate, of a future stream of payments (either income or cost). The present value of a future stream of payments may be thought of as the lump-sum amount that, if invested at the specified interest rate as of the specified point in time, together with interest earnings would be just enough to meet each of the obligations as they fall due.

All estimates in this section are based on the 75-year projections under the intermediate assumptions in *The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (2022 Trustees Report) (see Note 17 to the Statements of Social Insurance). The Statements of Social Insurance, the Statements of Changes in Social Insurance Amounts, and the required supplementary information below are derived from estimates of future income and cost based on these assumptions and on the current *Social Security Act*, including future changes previously enacted. The information provided in this section includes:

(1) Present values of future estimated cost for, and estimated income (excluding interest) from, or on behalf of, current and future program participants;

(2) Estimated annual income, income (excluding interest), and cost as percentages of taxable payroll and gross domestic product (GDP);

(3) The ratio of estimated covered workers to estimated beneficiaries; and

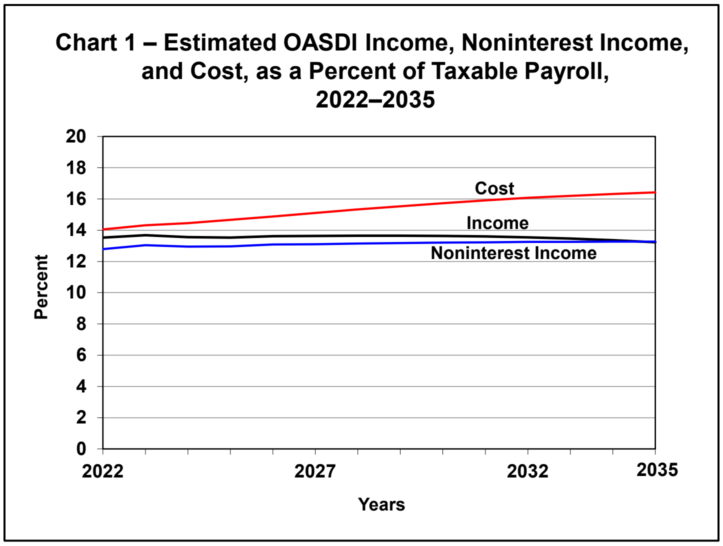
(4) An analysis of the sensitivity of the projections to changes in selected assumptions.

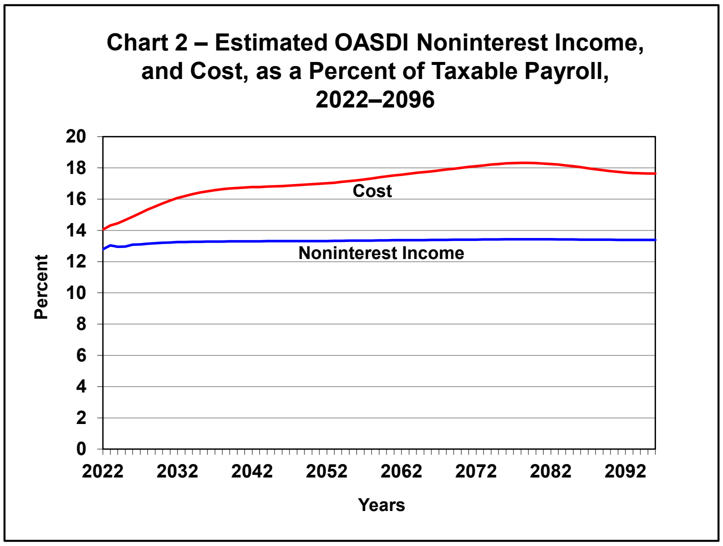
SUSTAINABLE SOLVENCY - Based on the estimates of income and cost presented in the Statements of Social Insurance, the OASDI program does not meet the criteria for sustainable solvency. To meet the criteria for sustainable solvency, the program must be able to pay all scheduled benefits in full on a timely basis and maintain reserves in the combined OASI and DI Trust Funds at all times within the 75-year projection period. In addition, the reserves in the combined OASI and DI Trust Funds must be stable or rising as a percentage of annual program cost at the end of the period.

CASH FLOW PROJECTIONS – OASDI noninterest income and cost are estimated for each year from 2022 through 2096. Charts 1 through 4 show annual cash flow projections for the OASDI program. However, income including interest is only estimated through 2035, the year that the reserves in the combined OASI and DI Trust Funds are projected to deplete. After the point of depletion, no interest earnings would be available. Moreover, because the program lacks the authority to borrow to continue paying benefits, benefit payments would be limited to the available tax income (noninterest income). Therefore, displaying annual income levels (including interest) beyond the point of combined OASI and DI Trust Fund depletion would be inappropriate unless the cost of scheduled benefits was replaced by the amount of benefits that would be payable.

Estimates are for the open-group population (i.e., all persons projected to participate in the OASDI program as covered workers or beneficiaries, or both during that period). Therefore, the estimates include payments from, and on behalf of, workers who will enter covered employment during the period as well as those already in covered employment at the beginning of that period. They also include the cost of scheduled benefits for such workers and their dependents during that period.

AMOUNTS AS A PERCENTAGE OF TAXABLE PAYROLL - Chart 1 shows estimated annual income, noninterest income, and cost through 2035 expressed as percentages of taxable payroll. Chart 2 is an extension of Chart 1, showing estimated annual noninterest income and cost through 2096 expressed as percentages of taxable payroll.





As presently constructed, the program receives most of its income from the 6.2 percent payroll tax that employees and employers each pay on taxable wages and salaries (for a combined payroll tax rate of 12.4 percent) and the 12.4 percent that is paid on taxable self-employment income. Prior to 2021, income including interest exceeded cost in every year since 1983. Beginning in 2021, cost exceeded income including interest. As Chart 1 shows, estimated cost continues to exceed estimated income excluding interest in years 2022 through 2035. As Chart 2 shows, estimated cost, expressed as a percentage of taxable payroll, increases through 2078 and then slightly declines through the end of the 75-year period. The estimated income at the end of the 75-year period is sufficient to cover 74 percent of the estimated cost.

The increase in estimated cost through 2078 occurs because of a variety of factors, including the ongoing retirement of the baby boom generation, the relatively small number of people born during the subsequent period of lower birth rates, and the projected increases in life expectancy, which increase the average number of years of receiving benefits relative to the average number of years of paying taxes. The decrease in estimated cost after 2078 occurs as the relatively smaller generations born during the period of reduced birth rates following the recession of 2007–2009 increasingly begin to retire.

Estimated annual cost is projected to exceed noninterest income in all years of the projection period. In any year, to meet all OASDI cost on a timely basis, the combined OASI and DI Trust Funds will need to redeem Treasury securities. This redemption differs from the situation of some prior years when the combined OASI and DI Trust Funds had been net lenders to the General Fund of the Treasury. The Government could finance this redemption by increasing its borrowing from the public, raising taxes (other than OASDI payroll taxes), and/or reducing expenditures (other than OASDI cost). Alternatively, the Government could make this redemption unnecessary by changing the law to increase OASDI taxes and/or reduce OASDI scheduled benefits as needed.

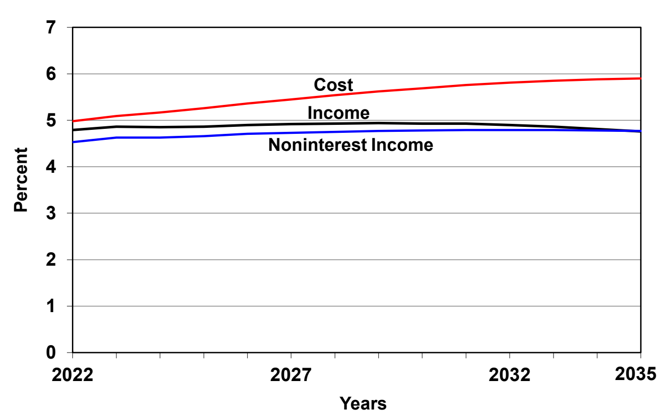
ACTUARIAL BALANCE - The Statements of Social Insurance show that the present value of the excess of income (excluding interest) over cost for the 75-year period is -$23,301 billion. If augmented by the combined OASI and DI Trust Fund reserves at the start of the period (January 1, 2022), it is -$20,449 billion. This excess does not equate to the actuarial balance in the 2022 Trustees Report of -3.42 percent of taxable payroll because the actuarial balance includes the cost of attaining a target combined OASI and DI Trust Fund level at the end of the period equal to total projected cost for the 76th year of the period.

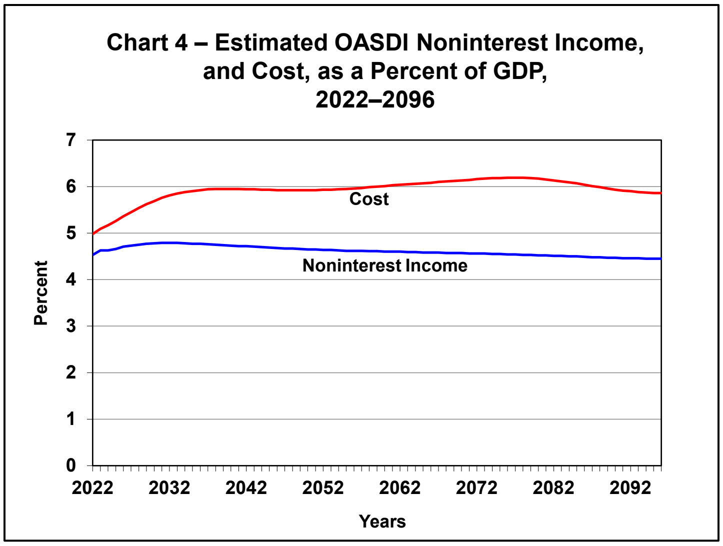
For the combined OASI and DI Trust Funds to remain solvent throughout the 75-year projection period, revenues would have to increase by an amount equivalent to an immediate and permanent payroll tax increase of 3.24 percentage points (from its current level of 12.40 percent to 15.64 percent). One interpretation of the actuarial balance is that its magnitude, 3.42 percent, should equal the necessary increase. However, the increase is different primarily because the necessary tax rate is the rate required to maintain solvency throughout the period that results in no reserves in the OASI and DI Trust Funds at the end of the period, whereas the actuarial balance incorporates an ending reserve in the OASI and DI Trust Funds equal to one year's cost. While such an increase in the payroll tax rate would cause some behavioral changes in earnings and ensuing changes in benefit levels, such changes are not included in this calculation because they are assumed to have roughly offsetting effects on OASDI actuarial status over the 75-year long-range period as a whole.

Alternatively, solvency could be achieved by reducing scheduled benefits by an amount equivalent to an immediate and permanent reduction of about 20 percent applied to all current and future beneficiaries, or about 24 percent if the reductions were applied only to newly entitled beneficiaries. Finally, some combination of both tax increases and benefit reductions could be adopted.

AMOUNTS AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT - Chart 3 shows estimated annual income, noninterest income, and cost through 2035 expressed as percentages of GDP. Chart 4 is an extension of Chart 3, showing estimated annual noninterest income and cost through 2096 expressed as percentages of GDP. Analyzing these cash flows in terms of percentage of the estimated GDP, which represents the total value of goods and services produced in the United States, provides a measure of the cost of the OASDI program in relation to the size of the national economy that must finance it.

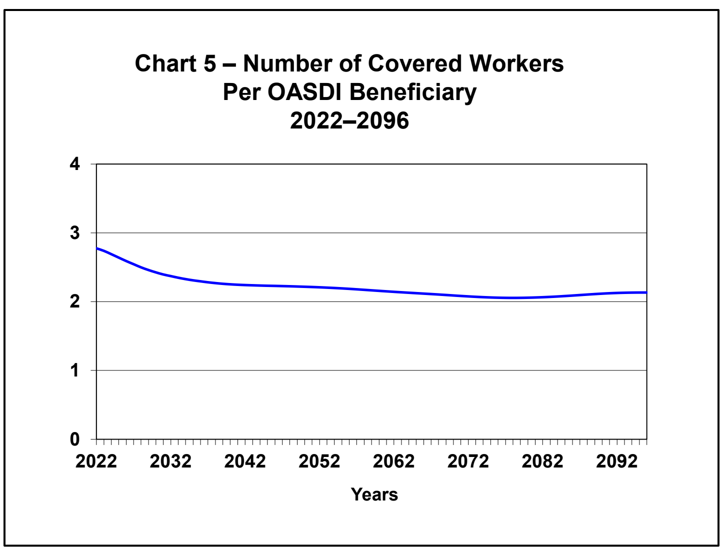
Chart 3 – Estimated OASDI Income, Noninterest Income, and Cost, as a Percent of GDP, 2022–2035





In calendar year 2021, OASDI cost was about $1,145 billion, which was about 5.0 percent of GDP. The cost of the program (based on current law) rises to a peak of 6.2 percent of GDP in 2077, then declines to 5.9 percent by 2096. The increase from 2022 to 2039 will occur as baby boomers continue to become eligible for OASDI benefits, lower birth rates result in fewer workers per beneficiary, and beneficiaries continue to live longer. The decrease near the end of the 75-year projection period occurs as the relatively smaller generations born during the period of reduced birth rates following the recession of 2007–2009 increasingly begin to retire.

RATIO OF WORKERS TO BENEFICIARIES - Chart 5 shows the estimated number of covered workers per OASDI beneficiary using the Trustees' intermediate assumptions. As defined by the Trustees, covered workers are persons having earnings creditable for OASDI purposes based on services for wages in covered employment and/or income from covered self-employment. The estimated number of workers per beneficiary declines from 2.8 in 2021 to 2.1 in 2096.



SENSITIVITY ANALYSIS

Projections of the future financial status of the OASDI program depend on many demographic and economic assumptions, including fertility, mortality, net immigration, average wages, inflation, and interest rates on Treasury securities. The income will depend on how these factors affect the size and composition of the working population and the level and distribution of wages and earnings. Similarly, the cost will depend on how these factors affect the size and composition of the beneficiary population and the general level of benefits. Because actual experience is likely to differ from the estimated or assumed values of these factors, we include this section to illustrate the sensitivity of the long-range projections to changes in assumptions by analyzing six key assumptions: total fertility rate, mortality, net immigration, real wage differential, Consumer Price Index (CPI), and real interest rate. The range of values chosen for the sensitivity analysis presents a reasonable range within which we expect future experience to fall, on average, over long time periods. We do not intend the range of values to represent any particular probability interval around the intermediate assumptions, nor are the endpoints of the range intended to represent the absolute best or worst scenario.

For this analysis, we use the intermediate assumptions in the 2022 Trustees Report as the reference point. Each selected assumption is varied individually. We note that due to the interactions between assumptions, changes in any single assumption may have additional effects on other assumptions. We calculate all present values as of January 1, 2022 and base them on estimates of income and cost during the 75-year projection period 2022–2096. In this section, for brevity, "income" means "noninterest income."

We present one table and one chart for each assumption we analyzed. The table shows the present value of the estimated excess of OASDI income over cost based on each of three selected values of the assumption being analyzed. If the excess is negative, we refer to it as a shortfall. The middle values provided correspond to the intermediate assumption of the Trustees. The other two values correspond to the low-cost and high-cost alternative values for that individual assumption. The chart shows the present value of each annual net cash flow.

Sensitivity of program cost to changes in multiple assumptions is also useful. The 2022 Trustees Report presents high-cost and low-cost alternative assumption sets, which combine the variations shown individually in this report. It should be noted that due to interactions, the combined effect of two or more assumption changes may not be equal to the sum of the effects shown separately. The Trustees, in their annual report, also include estimates using a stochastic model developed by the Office of the Chief Actuary. These estimates provide an additional way of analyzing the uncertainty and variability in assumptions, income, and cost.

TOTAL FERTILITY RATE - Table 1 shows the present value of the estimated excess of OASDI income over cost for the 75-year period, for each of the three sets of assumptions about the total fertility rate. The average annual total fertility rates for the period 2032 through 2096 are 1.69, 1.99, and 2.19 children per woman, where 1.99 is the intermediate summary value for the 2022 Trustees Report. The total fertility rate under all three sets of total fertility rate assumptions changes gradually from its current low level and will reach the ultimate value of 1.70, 2.00, and 2.20, respectively in 2056.

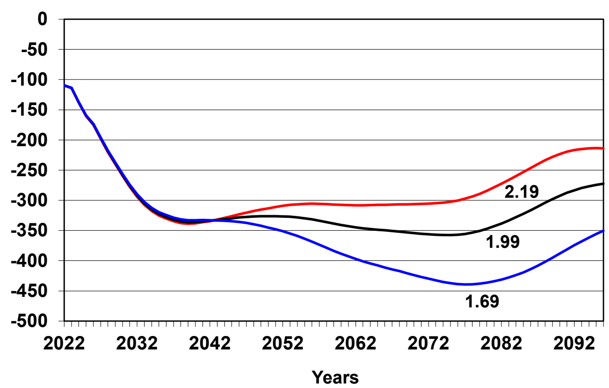
Table 1 demonstrates that if the average annual total fertility rate were changed from 1.99 children per woman, consistent with the Trustees' intermediate assumption, to 1.69, the shortfall for the period of estimated OASDI income relative to cost would increase to $26,566 billion from $23,301 billion; if the average annual total fertility rate changed to 2.19, the shortfall would decrease to $20,990 billion.

TABLE 1: PRESENT VALUE OF ESTIMATED EXCESS OF OASDI INCOME OVER COST WITH VARIOUS TOTAL FERTILITY RATE ASSUMPTIONS VALUATION PERIOD: 2022–2096

Average Total Fertility Rate (for 2032 through 2096)	1.69	1.99	2.19
Present Value of Estimated Excess (Dollars in Billions)	$(26,566)	$(23,301)	$(20,990)

Using the same total fertility rates used for the estimates in Table 1, Chart 6 shows the present value of the estimated annual OASDI net cash flows.

Chart 6 – Present Value of Estimated Annual OASDI Net Cash Flow With Various Total Fertility Rate Assumptions 2022–2096
(Dollars in Billions)



The three patterns of the present values shown in Chart 6 are similar. Under all three sets of assumptions, the present values are negative in all years of the 75-year projection period. The net cash flow estimates corresponding to all three sets of fertility rate assumptions decrease rapidly into the 2030s and then begin to increase (become less negative) around 2040. The net cash flow estimates corresponding to the average total fertility rate of 1.69 increase in 2041, decrease in years 2042–2077, and then increase through 2096. The net cash flow estimates corresponding to the average total fertility rate of 1.99 increase in years 2040–2049, decrease in years 2050–2075, and then increase through 2096. The net cash flow estimates corresponding to the average total fertility rate of 2.19 mostly increase in years 2040–2095 before a slight decrease in 2096.

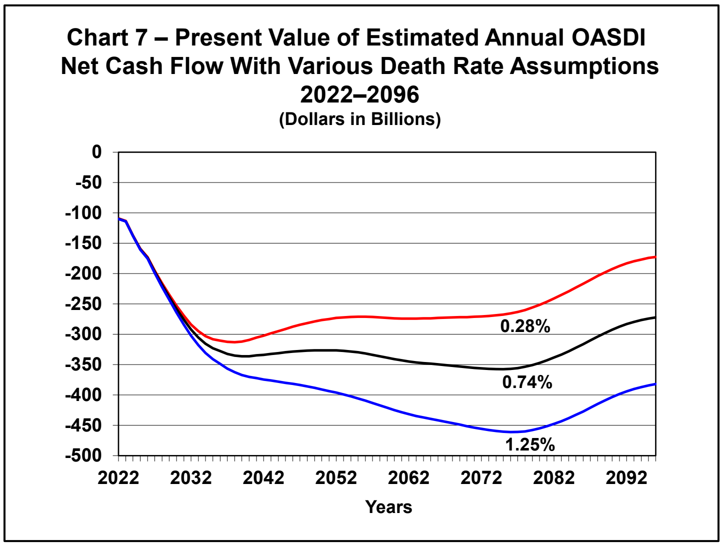
MORTALITY - Table 2 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about future reductions in death rates. We developed the analysis by varying the reduction assumed to occur in future death rates by age, sex, and cause of death. The reductions assumed for this period, summarized as average annual reductions in the age-sex-adjusted death rate from 2031 to 2096, are 0.28, 0.74, and 1.25 percent per year. The intermediate assumption in the 2022 Trustees Report is 0.74 percent. (The resulting cumulative decreases in the age-sex-adjusted death rate during the same period are 16, 38, and 56 percent, respectively.) The life expectancy at birth, on a unisex period life table basis, is projected to rise from 76.8 in 2021 to 81.0, 85.2, and 89.6 in 2096 for average annual reductions in the age-sex-adjusted death rate of 0.28, 0.74, and 1.25 percent, respectively.

Table 2 demonstrates that if the annual reduction in death rates were changed from 0.74 percent, the Trustees' intermediate assumption, to 0.28 percent, meaning that people die younger, the shortfall for the period of estimated OASDI income relative to cost would decrease to $18,880 billion from $23,301 billion; if the annual reduction were changed to 1.25 percent, meaning that people live longer, the shortfall would increase to $28,514 billion.

TABLE 2: PRESENT VALUE OF ESTIMATED EXCESS OF OASDI INCOME OVER COST WITH VARIOUS DEATH RATE ASSUMPTIONS VALUATION PERIOD: 2022–2096

Average Annual Reduction in Death Rates (from 2031 to 2096)	0.28 Percent	0.74 Percent	1.25 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(18,880)	$(23,301)	$(28,514)

Using the same assumptions about future reductions in death rates used for the estimates in Table 2, Chart 7 shows the present value of the estimated annual OASDI net cash flows.



The three patterns of the present values shown in Chart 7 are similar. Under all three sets of assumptions, the net cash flow estimates are negative in all years of the 75-year projection period. The net cash flow estimates corresponding to all three sets of assumptions decrease rapidly into the 2030s. The net cash flow estimates corresponding to a 1.25 percent average annual reduction in the age-sex-adjusted death rate continue decreasing at a slower pace through 2076 before increasing (becoming less negative) through 2096. The net cash flow estimates corresponding to a 0.74 percent average annual reduction increase in years 2040–2049, decrease in years 2050–2075, and then increase through 2096. The net cash flow estimates corresponding to a 0.28 percent average annual reduction increase in years 2039–2055, briefly decrease in years 2056–2062, and then increase through 2096.

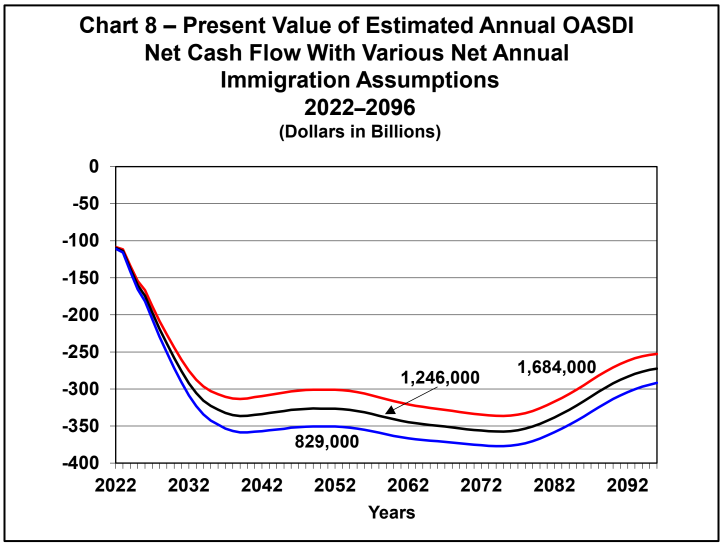
NET ANNUAL IMMIGRATION - Table 3 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the magnitude of annual immigration. The immigration assumptions include the levels of lawful permanent resident (LPR) immigration, legal emigration, other-than-LPR immigration, and other-than-LPR emigration. Based on these levels, projected net annual immigration (LPR and other-than-LPR) will average 829,000 persons, 1,246,000 persons, and 1,684,000 persons for the period 2032 through 2096. The average value based on the intermediate assumptions in the 2022 Trustees Report is 1,246,000 persons.

Table 3 demonstrates that if the Trustees' intermediate immigration assumptions were changed so that the average level for the period 2032 through 2096 decreased from 1,246,000 persons to 829,000 persons, the present value of the shortfall for the period of estimated OASDI income relative to cost would increase to $24,770 billion from $23,301 billion. If, instead, the immigration assumptions were changed so that net annual immigration would be expected to average 1,684,000 persons, the present value of the shortfall would decrease to $21,752 billion.

TABLE 3: PRESENT VALUE OF ESTIMATED EXCESS OF OASDI INCOME OVER COST WITH VARIOUS 75-YEAR AVERAGE NET ANNUAL IMMIGRATION ASSUMPTIONS VALUATION PERIOD: 2022–2096

Average Net Annual Immigration (for 2032 through 2096)	829,000 Persons	1,246,000 Persons	1,684,000 Persons
Present Value of Estimated Excess (Dollars in Billions)	$(24,770)	$(23,301)	$(21,752)

Using the same assumptions about net annual immigration used for the estimates in Table 3, Chart 8 shows the present value of the estimated annual OASDI net cash flows.



The three patterns of the present values shown in Chart 8 are similar. Under all three sets of assumptions, the net cash flow estimates are negative in all years of the 75-year projection period. The net cash flow estimates corresponding to all three sets of assumptions decrease rapidly into the 2030s and then begin to increase (become less negative) around 2040. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase at that time. Under all three sets of assumptions, net cash flows have another period of mostly decreasing present values around years 2050–2075 before again increasing through 2096.

Immigration generally occurs at relatively young adult ages, so there is no significant effect on beneficiaries (and, therefore, on benefits) in the early years of the projection period, but the effect on the numbers of workers (and, therefore, on payroll tax income) is immediate. Therefore, even in the early years of the projection period, the present values, year by year, are generally higher (i.e., less negative in later years) for higher net annual immigration. However, benefits paid in a given year to earlier immigrant cohorts of the projection period eventually offset the increased payroll taxes for that year. Therefore, the present values based on the three assumptions about net annual immigration become more similar at the end of the projection period.

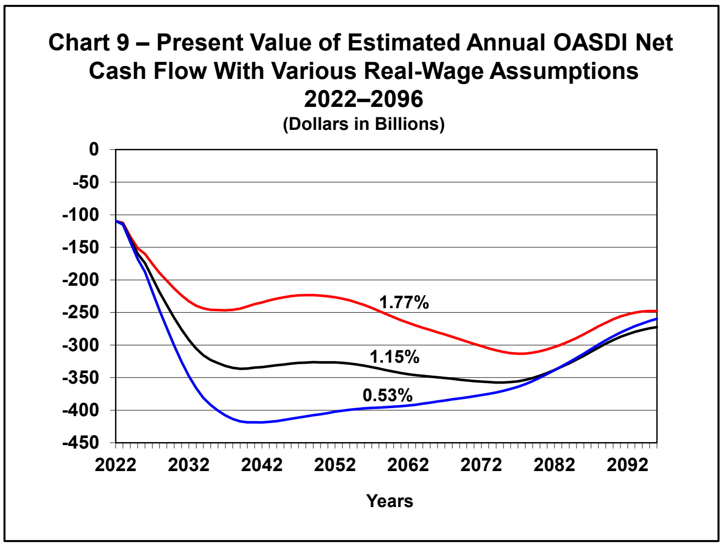
REAL WAGE DIFFERENTIAL - The annual real wage differential is the difference between the percentage increases in: (1) the average annual wage in OASDI-covered employment; and (2) the average annual CPI. The real wage differential assumption is expressed as the average of the annual real wage differential for the last 65 years of the 75-year projection period (for the period 2032 through 2096). Table 4 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the real wage differential. These assumptions are that the average real wage differential will be 0.53, 1.15, and 1.77 percentage points. The intermediate assumption in the 2022 Trustees Report is 1.15 percentage points. In each case, the ultimate annual increase in the CPI is assumed to be 2.40 percent (as used in the intermediate assumptions), yielding average percentage increases in the average annual wage in covered employment of 2.93, 3.55, and 4.17 percent, respectively, in the last 65 years of the 75-year projection period.

Table 4 demonstrates that if the average real wage differential were changed from 1.15 percentage points, the Trustees' intermediate assumption, to 0.53 percentage point, the shortfall for the period of estimated OASDI income relative to cost would increase to $26,076 billion from $23,301 billion; if the average real wage differential were changed from 1.15 to 1.77 percentage points, the shortfall would decrease to $18,746 billion.

Table 4: Present Value of Estimated Excess of OASDI Income over Cost With Various Real Wage Assumptions Valuation Period: 2022–2096

Average Annual Increase in Wages, CPI; **Real Wage Differential** (for 2032 through 2096)	2.93%, 2.40%; **0.53%**	3.55%, 2.40%; **1.15%**	4.17%, 2.40%; **1.77%**
Present Value of Estimated Excess (Dollars in Billions)	$(26,076)	$(23,301)	$(18,746)

Using the same assumptions about the real wage differential used for the estimates in Table 4, Chart 9 shows the present value of the estimated annual OASDI net cash flows.



The net cash flow estimates corresponding to all three sets of assumptions are negative in all years of the 75-year projection period. The net cash flow estimates corresponding to all three sets of assumptions decrease rapidly into the 2030s and then begin to increase (i.e., become less negative) by 2043. Therefore, in terms of today's investment dollar, annual OASDI net cash flow, although still negative, begins to increase at that time. For the assumed real wage differential of 0.53 percentage point, the present values increase from 2043 through the remainder of the projection period. The net cash flow estimates corresponding to an assumed real wage differential of 1.15 percentage points increase in years 2040–2049, decrease in years 2050–2075, and then increase through 2096. The net cash flow estimates corresponding to an assumed real wage differential of 1.77 percentage points increase in years 2038–2049, decrease in years 2050–2077, and then increase through 2096.

Differences among the estimates of annual net cash flow based on the three assumptions about the real wage differential become apparent early in the projection period. Higher real wage differentials increase both wages and initial benefit levels. Because the effects on wages and, therefore, on payroll taxes are immediate, while the effects on benefits occur with a substantial lag, annual net cash flow is higher for higher assumed real wage differentials. In the early years, when the effects on benefits are quite small and the effects on wages are compounding, the patterns of the estimates of annual net cash flow based on the three assumptions diverge fairly rapidly. However, toward the end of the projection period, annual net cash flow becomes more similar for all assumed real wage differentials. This occurs because benefits would then be more fully realized at a time when the projected cost substantially exceeds noninterest income. These effects are depicted by the patterns in Chart 9 coming together at the end of the projection period.

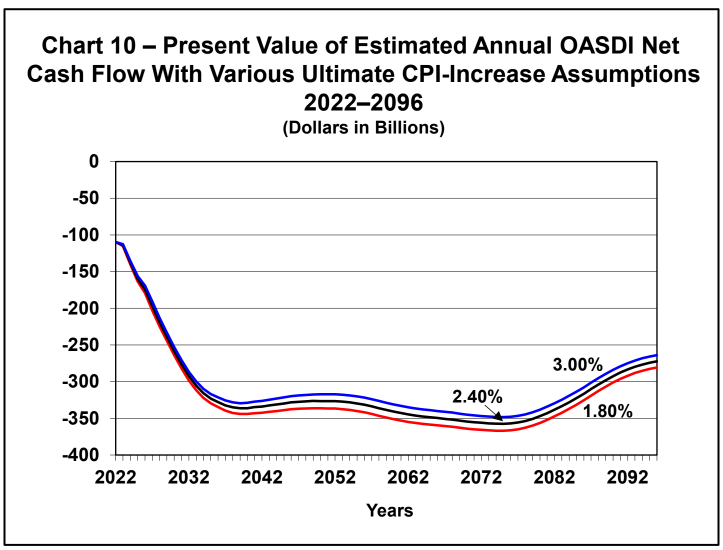
CONSUMER PRICE INDEX - Table 5 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the rate of change in the CPI. These assumptions are that the ultimate annual increase in the CPI will be 1.80, 2.40, and 3.00 percent. All three ultimate assumptions are reached by year 2026. The intermediate assumption in the 2022 Trustees Report is 2.40 percent. In each case, the average real wage differential is assumed to be 1.15 percentage points (as used in the intermediate assumptions), yielding average percentage increases in average annual wages in covered employment of 2.95, 3.55, and 4.15 percent, respectively.

Table 5 demonstrates that if the ultimate annual increase in the CPI were changed from 2.40 percent, the Trustees' intermediate assumption, to 1.80 percent, the shortfall for the period of estimated OASDI income relative to cost would increase to $23,934 billion from $23,301 billion; if the ultimate annual increase in the CPI were changed to 3.00 percent, the shortfall would decrease to $22,696 billion. The seemingly counterintuitive result that higher CPI increases result in decreased shortfalls (and vice versa) is explained by the time lag between the effects of the CPI changes on taxable payroll and on benefit payments. The effect on taxable payroll due to a greater increase in average wages is experienced immediately, while the effect on benefits is experienced with a lag of about one year. For this reason, larger increases in the CPI cause earnings and income to increase sooner and, therefore, by more each year, than benefits and cost.

TABLE 5: PRESENT VALUE OF ESTIMATED EXCESS OF OASDI INCOME OVER COST WITH VARIOUS CPI-INCREASE ASSUMPTIONS
VALUATION PERIOD: 2022–2096

Average Annual Increase in Wages, **CPI**; Real Wage Differential (for 2032 through 2096)	2.95%, **1.80%**; 1.15%	3.55%, **2.40%**; 1.15%	4.15%, **3.00%**; 1.15%
Present Value of Estimated Excess (Dollars in Billions)	$(23,934)	$(23,301)	$(22,696)

Using the same assumptions about the annual increase in the CPI used for the estimates in Table 5, Chart 10 shows the present value of the estimated annual OASDI net cash flows.



The net cash flow estimates corresponding to all three sets of assumptions are negative in all years of the 75-year projection period. The net cash flow estimates corresponding to all three CPI-increase assumptions decrease rapidly into the 2030s and then begin to increase (become less negative) in 2040. The net cash flow estimates corresponding to an ultimate 1.8 percent CPI increase in years 2040–2049, decrease in years 2050–2075, and then increase through 2096. The net cash flow estimates corresponding to an ultimate 2.4 percent CPI increase in years 2040–2049, decrease in years 2050–2075, and then increase through 2096. The net cash flow estimates corresponding to an ultimate 3.0 percent CPI increase in years 2040–2052, decrease in years 2053–2075, and then increase through 2096.

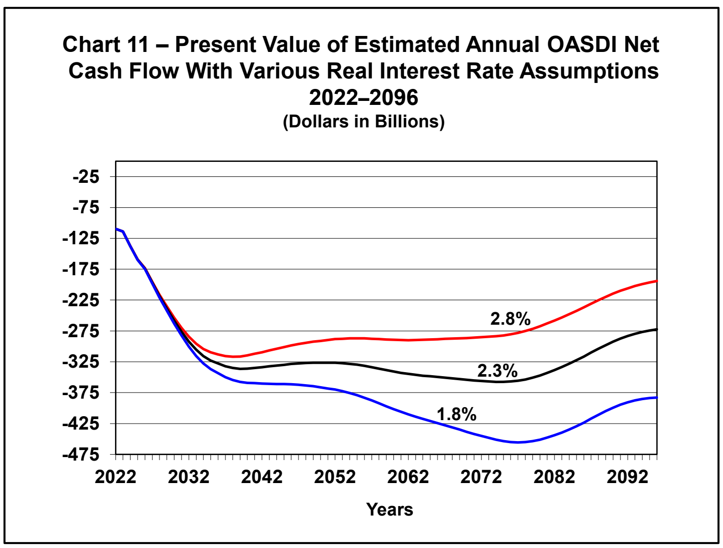
Real Interest Rate - Table 6 shows the present values of the estimated excess of OASDI income over cost for the 75-year period, using various assumptions about the annual real interest rate for special-issue Treasury obligations sold to the OASI and DI Trust Funds. These assumptions are that the ultimate annual real interest rate will be 1.8, 2.3, and 2.8 percent. All three ultimate rates are reached by 2032. The intermediate assumption in the 2022 Trustees Report is 2.3 percent. Changes in real interest rates change the present value of cash flows, even though the cash flows do not change.

Table 6 demonstrates that if the ultimate real interest rate were changed from 2.3 percent, the Trustees' intermediate assumption, to 1.8 percent, the shortfall for the period of estimated OASDI income relative to cost, when measured in present-value terms would increase to $27,709 billion from $23,301 billion; if the ultimate annual real interest rate were changed to 2.8 percent, the present-value shortfall would decrease to $19,799 billion.

Table 6: Present Value of Estimated Excess of OASDI Income over Cost With Various Real Interest Assumptions Valuation Period: 2022–2096

Ultimate Annual Real Interest Rate	1.8 Percent	2.3 Percent	2.8 Percent
Present Value of Estimated Excess (Dollars in Billions)	$(27,709)	$(23,301)	$(19,799)

Using the same assumptions about the annual real interest rate used for the estimates in Table 6, Chart 11 shows the present value of the estimated annual OASDI net cash flows.



The three patterns of the present values shown in Chart 11 are similar. The net cash flow estimates corresponding to all three sets of assumptions are negative in all years of the 75-year projection period and decrease rapidly into the 2030s. The net cash flow estimates corresponding to an ultimate real interest rate of 1.8 decrease through 2077, before increasing (becoming less negative) through 2096. The net cash flow estimates corresponding to an ultimate real interest rate of 2.3 increase in years 2040–2049, decrease in years 2050–2075, and then increase through 2096. The net cash flow estimates corresponding to an ultimate real interest rate of 2.8 mostly increase in years 2039–2096.

Report of Independent Certified Public Accountants

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

November 10, 2022

The Honorable Kilolo Kijakazi
Acting Commissioner of Social Security

The Office of the Inspector General (OIG) contracted with the independent certified public accounting firm Grant Thornton LLP (Grant Thornton) to audit: (1) the Social Security Administration's (SSA) consolidated financial statements as of September 30, 2022 and 2021 and the related notes to the consolidated financial statements; (2) the sustainability financial statements, including the statements of social insurance as of January 1, 2022, 2021, 2020, 2019 and 2018, and the related notes to the sustainability financial statements; and (3) the statements of changes in social insurance amounts for the periods January 1, 2021 to January 1, 2022 and January 1, 2020 to January 1, 2021. The OIG also contracted with Grant Thornton to provide an opinion on internal control over financial reporting and report on compliance with laws, regulations, contracts, grant agreements, and other matters and to report on whether SSA's financial management systems did not comply substantially with the requirements of the *Federal Financial Management Improvement Act of 1996 (FFMIA)*. The contract requires that the audit be conducted in accordance with auditing standards generally accepted in the United States; *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Those Standards and Bulletin require that Grant Thornton plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

This letter transmits Grant Thornton's *Report of Independent Certified Public Accountants*. Grant Thornton found the following.

- The consolidated and sustainability financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States.
- SSA management maintained, in all material respects, effective internal controls over financial reporting as of September 30, 2022, based on criteria established under the *Federal Managers' Financial Integrity Act and in Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States. However, Grant Thornton identified three significant deficiencies in internal controls: (1) Certain Financial Information Systems Controls, (2) Information Systems Risk Management, and (3) Accounts Receivable with the Public (Benefit Overpayments).
- No instances in which SSA's financial management system did not comply substantially with the requirements of FFMIA.

- No reportable instances of noncompliance with provisions of applicable laws, regulations, contracts, grant agreements, and other matters tested.

OFFICE OF THE INSPECTOR GENERAL EVALUATION OF GRANT THORNTON AUDIT PERFORMANCE

To fulfill our responsibilities under the *Chief Financial Officers Act of 1990* and related legislation for ensuring the quality of the audit work performed, we monitored Grant Thornton's audit of SSA's consolidated and sustainability financial statements by:

- evaluating the auditors' and specialists' independence, objectivity, and qualifications;
- reviewing Grant Thornton's audit approach and planning;
- monitoring the audit's progress at key points;
- examining Grant Thornton's documentation related to planning the audit, assessing SSA's internal control, and substantive testing;
- reviewing Grant Thornton's audit report to ensure compliance with *Government Auditing Standards* and Office of Management and Budget Bulletin No. 22-01;
- coordinating the issuance of the audit report; and
- performing other procedures we deemed necessary.

Grant Thornton is responsible for the attached auditors' report, dated November 10, 2022, and the opinions and conclusions expressed therein. The OIG is responsible for technical and administrative oversight regarding Grant Thornton's performance under the contract terms. Our review, as differentiated from an audit in accordance with applicable auditing standards, was not intended to enable us to express, and, accordingly, we do not express, an opinion on SSA's consolidated financial statements; sustainability financial statements; internal control over financial reporting; or conclusions on whether SSA's financial management systems complied substantially with FFMIA; or compliance with provisions of certain laws, regulations, contracts and grant agreements. However, our monitoring review, as qualified above, disclosed no instances where Grant Thornton did not comply, in all material respects, with applicable auditing standards.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of this report to congressional committees with oversight and appropriation responsibilities over SSA. In addition, we will post a copy of the report on our public website.

Gail S. Ennis

Gail S. Ennis
Inspector General

GrantThornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Kilolo Kijakazi, Acting Commissioner
Social Security Administration

Gail S. Ennis, Inspector General
Social Security Administration

In our audits of the Social Security Administration (SSA), we found:

- The consolidated balance sheets of SSA as of September 30, 2022 and 2021, the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources for the years then ended, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- The sustainability financial statements which comprise the statements of social insurance as of January 1, 2022, 2021, 2020, 2019 and 2018 and the statements of changes in social insurance amounts for the period January 1, 2021 to January 1, 2022 and January 1, 2020 to January 1, 2021 are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America;
- Although internal controls could be improved, SSA management maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022; and
- No reportable instances of noncompliance for fiscal year 2022, with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements and internal control over financial reporting, which includes an emphasis of matter paragraph related to the sustainability financial statements, and required supplementary information (RSI) and other information included with the financial statements, (2) our report on compliance with laws, regulations, contracts, and grant agreements, and (3) the Agency's response to findings.

Grant Thornton

Report on the financial statements and internal control over financial reporting

Opinions on the financial statements
We have audited the consolidated financial statements of the Social Security Administration (the "Agency"), which comprise the consolidated financial statements and the sustainability financial statements. The consolidated financial statements comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of net cost, changes in net position, and the combined statements of budgetary resources for the years then ended, and the related notes to the financial statements.

The sustainability financial statements comprise the statements of social insurance as of January 1, 2022, 2021, 2020, 2019 and 2018, the statements of changes in social insurance amounts for the periods January 1, 2022 to January 1, 2021 and January 1, 2020 to January 1, 2021, and the related notes to the sustainability financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Agency as of September 30, 2022 and 2021, and its net cost, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Also, in our opinion, the accompanying sustainability financial statements present fairly, in all material respects the Agency's social insurance information as of January 1, 2022, 2021, 2020, 2019, and 2018 and its changes in social insurance amounts for the periods January 1, 2022 to January 1, 2021 and January 1, 2020 to January 1, 2021, in accordance with accounting principles generally accepted in the United States of America.

Opinion on internal control over financial reporting
We also have audited the internal control over financial reporting of the Agency as of September 30, 2022, based on criteria established under 31 U.S.C. 3512 (c), (d) (commonly known as the Federal Managers' Financial Integrity Act or "FMFIA") and in *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States.

In our opinion, although certain internal controls could be improved, the Agency maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022, based on criteria established under FMFIA and in *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States.

As discussed in more detail, our 2022 audit identified deficiencies in the Agency's controls over Certain Financial Information Systems Controls, Information Systems Risk Management and Accounts Receivable with the Public (Benefit Overpayments), described in the accompanying Appendix *Significant Deficiencies in Internal Control Over Financial Reporting*, that collectively represent the significant deficiencies in the Agency's internal control over financial reporting. We considered these significant deficiencies in determining the nature, timing, and extent of our audit procedures on the Agency's 2022 financial statements. Although the significant deficiencies in internal control did not affect our opinions on the Agency's 2022 financial statements, misstatements may occur in unaudited financial information reported internally and externally by the Agency because of these significant deficiencies.

In addition to the significant deficiencies in internal control over Certain Financial Information Systems Controls, Information Systems Risk Management and Accounts Receivable with the Public (Benefit Overpayments), we also identified deficiencies in the Agency's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant management's attention. We have communicated these matters to management and, where appropriate, will report on them separately.

Basis for opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*; and Office of Management and Budget ("OMB") Bulletin 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin 22-01 are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control Over Financial Reporting section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of matter

As discussed in Note 17 to the financial statements, the sustainability financial statements are based on management's assumptions. These sustainability financial statements present the actuarial present value of the Agency's estimated future income to be received and future expenditures to be paid using a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The statements of social insurance and changes in social insurance amounts are based on income and benefit formulas in current law and assume that scheduled benefits will continue after any related trust funds are exhausted. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable. In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current policy or law is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability, for example, implementation of policy changes to avoid trust fund exhaustion. Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements and internal control over financial reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements and sustainability financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the effectiveness of internal control over financial reporting based on the criteria established under FMFIA and its assessment about the effectiveness of internal control over financial reporting as of September 30, 2022, included in the accompanying Acting Commissioner's Assurance Statement.

Auditor's responsibilities for the audit of the financial statements and internal control over financial reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and sustainability financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards,* and OMB 22-01 will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements or sustainability financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with US GAAS, Government Auditing Standards, and OMB 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements and sustainability financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and sustainability financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements and sustainability financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Definition and inherent limitations of internal control over financial reporting
An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting provides reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Required supplementary information
Accounting principles generally accepted in the United States of America require that the information in Management's Discussion and Analysis from pages 5 to 36 and the combining schedule of budgetary resources, and the required supplementary social insurance information from pages 90 to 102 be presented to supplement the consolidated financial statements and sustainability financial statements. Such information is the responsibility of management and, although not a required part of the consolidated financial statements and sustainability financial statements, is required by the Federal Accounting Standards Advisory Board and OMB Circular A-136, *Financial Reporting Requirements*, which consider it to be an essential part of financial reporting for placing the consolidated financial statements and sustainability financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements and sustainability financial statements, and other knowledge we obtained during our audit of the consolidated financial statements and sustainability financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information
Management is responsible for the other information included in the annual report. The other information comprises the Acting Commissioner's Message on page 1 and the other information on pages 2 through 4, 37 through 42, 86 through 89, and 120 through 178, but does not include the consolidated financial statements, sustainability financial statements and our auditor's report thereon. Our opinions on the consolidated financial statements and sustainability financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements and sustainability financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements and sustainability financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on compliance with laws, regulations, contracts, and grant agreements and other matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with the auditor's responsibility discussed below, in accordance with *Government Auditing Standards*.

Results of our tests of compliance
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Agency. Accordingly, we do not express such an opinion.

Under the Federal Financial Management Improvement Act ("FFMIA"), we are required to report whether the Agency's financial management systems substantially comply with FFMIA Section 803(a) requirements. To meet this requirement, we performed tests of compliance with the federal financial management systems requirements, applicable federal accounting standards, and the *United States Standard General Ledger* ("USSGL") at the transaction level. However, providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests of FFMIA Section 803(a) requirements disclosed no instances of substantial noncompliance that are required to be reported under FFMIA.

Basis for results of our tests of compliance
We performed our tests of compliance in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*; and OMB Bulletin No. 22-01.

Responsibilities of management for compliance
Management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Agency.

Auditor's responsibilities for tests of compliance
Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements, and to perform certain other limited procedures. We did not

test compliance with all laws, regulations, contracts, and grant agreements. Noncompliance may occur that is not detected by these tests.

Agency's response to findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described on page 119 of this Agency Financial Report. The Agency's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and sustainability financial statements, and accordingly, we express no opinion on the Agency's response.

Intended purpose of report on compliance

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Baltimore, Maryland

November 10, 2022

APPENDIX – SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Significant Deficiency in Internal Control over Certain Financial Information Systems Controls

Overview

Social Security Administration (SSA) management relies on information systems and technology (IT) to administer the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) (collectively known as OASDI) and Supplemental Security Income (SSI) programs; to process and account for their expenditures; and for financial reporting.

Our internal control testing included IT general and application controls. Testing IT general controls encompassed the security management program, access controls (physical and logical), configuration and change management, segregation of duties, and service continuity/contingency planning. IT general controls provide the foundation for the integrity of systems including applications and the system software that comprise the general support systems for the major applications. General and application-level controls are critical to ensuring the accurate and complete processing of transactions and integrity of stored data. Application controls include application-specific general controls, input, processing of data, and output of data as well as interface, master file, and other user controls. These controls provide assurance over the completeness, accuracy, and validity of data. Our audit included testing of the Agency's mainframe, networks, databases, applications, and other supporting systems. Our audit was conducted for Headquarters as well as off-site locations.

The Federal Information Processing Standards 199, *Standards for Security Categorization of Federal Information and Information Systems*, and 200, *Minimum Security Requirements for Federal Information and Information Systems*, are mandatory security standards in the *Federal Information Security Modernization Act of 2014*. These standards, combined with National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 5, *Security and Privacy Controls for Federal Information Systems and Organizations*, define a framework for Federal agencies to develop, document, and implement an Agency-wide information security program. The information security program is required to provide security protections commensurate with the risk and magnitude of the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of Agency information and information systems.

Deficiencies in Control Design and/or Operational Effectiveness

We noted deficiencies in access controls, network security controls, and configuration management that contributed to an aggregated significant deficiency in information system controls. While SSA continued strengthening controls over its information systems and IT, many of the control deficiencies from past audits persisted. SSA has developed several plans, strategies, and initiatives to address control deficiencies; however, these deficiencies continued to exist because of one, or a combination, of the following:

- SSA was in the process, but had not fully implemented, automated mechanisms for monitoring compliance with key control activities as well as within their security assessment and authorization processes;
- SSA had not remediated control deficiencies noted in prior audits; and
- the design of enhanced or newly designed controls had not completely addressed risks identified and recommendations provided in past audits.

Access Controls

Access controls provide assurance that critical information systems' assets are physically safeguarded and logical access to sensitive applications, system utilities, and data are provided only when authorized and appropriate. Weaknesses in such controls can compromise the integrity of data and increase the risk that such data may be inappropriately accessed, modified, and/or disclosed by unauthorized persons, which may affect the accuracy of the financial statements. Our testing identified weaknesses related to logical access controls at disability determination services (DDS), including logical access policy and procedures and segregation of duties issues. We also noted physical access control weaknesses related to physical access reviews/recertification. Our testing at SSA Headquarters identified control weaknesses related to the identification and review of logical access for privileged users and removal of mainframe profiles with access to financial datasets. At Headquarters, SSA implemented a secondary user identification process to give programmers access to production data through a monitored, time-limited process. During testing, we determined this control was not operating effectively, as SSA was not reviewing and approving the access timely. Finally, we identified control weaknesses related to the timely removal of logical access for separated SSA personnel.

Network Security Controls

Critical components of effective network security controls include, but are not limited to, configuration management, limiting access based on need-to-know/least privileged, and logging and monitoring sensitive activities. Related processes and controls must be designed to prevent or detect such weaknesses as misconfigurations and vulnerabilities to combat internal and external cyber-threats, exploitations, and unauthorized access. We identified network security and inventory deficiencies, many of which persisted from prior audits.

Configuration Management

Configuration management involves the identification and management of security features for hardware, software, and firmware components of an information system at a given point while controlling changes to that configuration as part of the system's life cycle. A disciplined process is required so configurations align with security standards and to ensure no unauthorized changes are implemented to configuration settings. We noted SSA needed to improve its controls over (1) hardening security configuration baselines (that is, providing prescriptive guidance on deploying and operating IT securely); (2) determining adherence to these baselines and guides through periodic monitoring; and (3) assessing, remediating, and/or justifying, and approving deviations (if applicable).

While these findings did not have a material impact on the financial statements, a lack of appropriately designed or implemented internal controls for information systems and technology increases the risk of unreliable data and misstatements whether due to fraud or error.

Recommendations

To mitigate the risks of the issues noted in the significant deficiency, management should consider the following:

1. Analyze the audit findings to identify root causes and trends, assess risk of control weaknesses, and re-evaluate priorities for remediation. SSA should develop and/or review its risk-based approach and develop a roadmap of corrective actions. SSA should set attainable milestones for corrective actions and remediate these deficiencies timely.
2. Strengthen SSA's internal control system for access controls, network security, and configuration management to improve its effectiveness in identifying, documenting, and

linking these controls to business processing controls that support financial reporting; assessing the design and effectiveness of these controls; and remediating identified IT control gaps.

Grant Thornton Response

Grant Thornton reviewed the additional context provided in management's response on page 119 of this Agency Financial Report. Management's response does not affect the assessment of the significant deficiency.

Significant Deficiency in Information Systems Risk Management

Overview

A dynamic, flexible, and robust information system and technology risk management program is essential to managing security and privacy risk in SSA's diverse IT environment. As threats evolve and become more sophisticated, complex, and numerous, appropriate risk management is required to build security into new systems, mitigate existing and emerging threats, and ensure essential mission support services are available. Further, IT risk management is needed to protect the confidentiality, integrity, and availability of SSA's financial and program information.

SSA must implement a risk management program that provides reasonable assurance that risks are identified and assessed and controls are appropriately designed and operating effectively across the Agency's information systems and locations. Through the Agency's security management program, SSA's risk management framework must include a continuous cycle of activity for developing and assessing the discipline and structure of its control environment, assessing risk, developing and implementing effective security procedures, communicating, and monitoring the effectiveness of those procedures.

IT risk management must also be integrated, deployed, and communicated throughout the entity, divisions, operating units, and functions. SSA executive oversight, management, and personnel are responsible for information security and privacy. Office of Management and Budget (OMB) Circular Number A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, states:

> *Risk management is a series of coordinated activities to direct and control challenges or threats to achieving an organization's goals and objectives. ERM is an effective Agency-wide approach to addressing the full spectrum of the organization's external and internal risks by understanding the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos….*

Deficiencies in Control Design and/or Operational Effectiveness

We noted improvement in SSA's communication of IT risks and control requirements across its offices and its commitment to integrity and oversight of internal controls. For example, SSA implemented a security review board to assess control deficiencies and prioritize remediation, implemented a compliance dashboard, deployed Information System Security Officers (ISSO) strategically throughout its organization, and implemented procedures for performing oversight and monitoring of some DDS control requirements. However, we continue to identify recurring issues regarding processes, people, and technology in place to support SSA's IT risk management function that persist from prior audits.

- Processes – We noted SSA's processes lacked the following:
  - Repeatable and standardized risk management practices that were consistently applied and implemented across the organization at the entity, divisions, operating units and functions. For example, there were control weaknesses related to regional office security assessment and authorization processes; performance of risk assessments; implementation of NIST SP 800-53, revision 5, requirements; and issuance and monitoring of plans of action and milestones (POA&M). Furthermore, as part of our Headquarters testing, we cited control deficiencies related to the information security monitoring and enforcement for contractor systems, control weaknesses in the vulnerability management program, completeness and accuracy of information system inventories and system boundaries, common control inheritance considerations, a lack of completed requirements in security assessment and authorization packages, and a lack of completing an organization-wide cyber-security risk assessment or considering the results of this assessment and system level risk assessments in the categorization and selection of controls to manage this risk at the system and organization levels.
  - A clear and concise cyber-risk dashboard or tools to monitor risk, risk response types, risk dependencies to support informed risk response.
- People – Per the *Standards for Internal Control in the Federal Government* OV1.06, "People are what make internal control work. Management is responsible for an effective internal control system. As part of this responsibility, management sets the entity's objectives, implements controls, and evaluates the internal control system. However, personnel throughout an entity play important roles in implementing and operating an effective internal control system." SSA's Information System Security Officers (ISSOs) were deployed to the regional offices in Fiscal Year 2021. However, in Fiscal Year 2022, roles and responsibilities had not yet been developed for the ISSOs to include consideration of risks identified in regional office security assessments of field office and DDS sites in SSA's overarching Risk Management Strategies and risk response decisions.
- Technology – We noted SSA did not consistently and/or effectively deploy technology to manage its IT risk management function. SSA has made progress in this area but was still implementing and/or configuring software in many instances. For example, we continued to note issues with information system hardware and software inventory management, automation and tools for managing security configurations, and comprehensive tools to evaluate and communicate risks. Further, SSA had not yet fully implemented a comprehensive Network Access Control (NAC) technology solution.

These findings did not have a material impact on the financial statements; however, they could have such negative effects as inaccurate security categorization of systems and applications; ineffective identification, implementation, and documentation of required controls; inappropriate testing and monitoring of those controls; approving authorization to operate packages for the system without an appropriate understanding of risks; and/or not authorizing systems that are operating in production.

Recommendations

To mitigate the risks of the issues noted in the significant deficiency, management should consider the following:

1. Implementing and revising, as needed, the existing information system risk management framework(s) and strategy, using NIST 800-37 Rev. 2, *Risk Management Framework for Information Systems and Organizations: A System Life Cycle Approach for Security and Privacy* to consistently apply risk management practices Agency-wide. In addition, develop and implement a consistent approach to risk management within its security architecture and continue efforts to revise system boundaries and control inheritance as part of the Agency's effort to transition to ongoing authorization of its information systems.
2. Continue efforts to integrate deployed information security resources at various levels within the organization to implement and monitor SSA's revised risk management practices and provide the appropriate level of recurring training to individuals with internal control and information security responsibilities.
3. Review its current governance, risk, and compliance tools and software and consider additional tools and automation within its risk management practices and security controls.

Grant Thornton Response

Grant Thornton reviewed the additional context provided in management's response on page 119 of this Agency Financial Report. Management's response does not affect the assessment of the significant deficiency.

Significant Deficiency in Internal Control over Accounts Receivable with the Public (Benefit Overpayments)

Overview

A benefit overpayment exists when beneficiaries receive payments beyond their entitled amount. When SSA detects a benefit overpayment, it records an accounts receivable with the public to reflect the amount due SSA from the beneficiary. Because of the nature of the benefit-payment programs, SSA has extensive operations geographically dispersed nationwide. Overpayment detection, calculation, and documentation occur in various places throughout SSA, including approximately 1,200 field offices, 8 processing centers, and various functional areas within SSA's central office. Therefore, SSA has specific policies, procedures, and internal controls in place to consistently detect, calculate, and document overpayments and the related accounts receivable balances. Since the benefit overpayment process can be complex for some cases and relies on manual input, SSA's adherence to its internal controls is critical to accurately recording, documenting, and tracking overpayment balances. Management also relies on its IT infrastructure, interfaces, and controls to record and prevent erroneous payments.

Reconciliation of the Supplemental Security Income Accounts Receivable Ledger

OMB Circular A-123, Appendix D, *Compliance with Federal Financial Management Improvement Act* (OMB Circular A-123), requires that the United States Government Standard General Ledger be applied at the transaction level. For its OASDI and SSI programs, SSA tracks individual debtor overpayment transactions and accounts receivable balances in subsidiary ledger systems and adjusts the general ledger according to the balances reported from the subsidiary ledgers. As in prior years, our current-year testing revealed the detail-level beneficiary information in the SSI accounts receivable subsidiary ledger did not agree with the summary-level reports from the SSI subsidiary ledger.

SSA relies on these summary-level reports to update the general ledger; therefore, the SSI accounts receivable program balances reported in the general ledger and subsequently the financial statements, differ from the supporting detail-level beneficiary data in the SSI subsidiary ledger system.

System limitations prevent SSA from reconciling the SSI differences between the detail and summary-level information in the subsidiary ledger. This could lead to misstatements in the financial statements; however, the unreconciled differences are immaterial to the financial statements and the accounts receivable with the public line items.

Deficiencies in Benefit Overpayment Documentation and Calculations

We noted that prior audits identified significant deficiencies in internal controls related to SSA adhering to *Program Operations Manual System* criteria regarding maintaining sufficient evidence to support benefit overpayment balances or sufficient evidence to support approval of waived overpayments. The *Program Operations Manual System* provides important policies, procedures, and internal controls over processing and documenting overpayments. Based on evidence obtained during our business process walkthroughs, we determined, in Fiscal Year 2018, SSA had developed updated training for field and regional office personnel on obtaining and maintaining documentation necessary to support claims for overpayments and approval of waived overpayments. However, our inquiries of management since these enhancements, including inquiries made during the current year, revealed that improvements in the operating effectiveness of this internal control process were not expected.

Professional standards dictate that, when an auditor deems a control to have been ineffective in the prior year, and management indicates there has been no improvement, the auditor need not test it in the current year. Therefore, we did not test a separate sample of new overpayments or waived overpayments identified in Fiscal Year 2022 for internal control effectiveness. In prior years, our testing disclosed that SSA did not follow established policy or maintain proper documentation to support overpayments and waivers. This can lead to difficulties in calculating and substantiating outstanding accounts receivable balances and potential misstatements to accounts receivable with the public balance presented on the financial statements.

To test the recorded amount of accounts receivable with the public, we selected a statistical sample of outstanding OASDI and SSI overpayment balances and noted overpayment calculation errors in 6 (30 percent) of 20 sampled OASDI items and 2 (7 percent) of 27 sampled SSI items. Although the statistically projected impact of these calculation errors was not material to the financial statements, these errors further evidence control weaknesses in the accounts receivable with the public processes, including inappropriate overpayment tracking that could lead to misstatements in the financial statements.

Deficiencies in Overpayment Records and Tracking for Long-term Installment Payments

Beneficiaries can request to repay overpayment balances in monthly installments as withholdings from monthly benefit payments. Depending on the amount of the overpayment balance and the amount of each installment payment, repayment periods can extend beyond December 2049.

According to Statement of Federal Financial Accounting Standards (SFFAS) 1, *Accounting for Selected Assets and Liabilities*, a receivable should be recognized when a Federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date, (for example, taxes not received by the date they are due), or goods or services provided. If the amount is unknown, a reasonable estimate should be made. Further, SFFAS 7, *Accounting for Revenue and Other Financing Sources and*

Concepts for Reconciling Budgetary and Financial Accounting states that accounts receivable should be recognized when a collecting entity establishes a specifically identifiable, legally enforceable claim to cash or other assets through its established assessment processes to the extent the amount is measurable.

We noted that SSA identified a system design process limitation concerning long-term withholding agreements that extend past December 2049 where the system cannot capture and track debt scheduled for collection beyond December 2049. Therefore, the accounts receivable balances related to these overpayments are understated in the amount of the installment payments expected to be collected beyond December 2049. The projected understatements are immaterial to the financial statements and the accounts receivable with the public balance. While the Agency is enhancing system capabilities to properly account for these receivables and updating policies to avoid longer-term repayment programs, failure to resolve the system-design process limitation will continue understating accounts receivable balances. In addition, the impact of this issue will continue growing as December 2049 approaches if other factors remain constant.

Recommendations

To mitigate the risks of the issues noted in the significant deficiency, management should consider the following:

Reconciliation of the SSI Accounts Receivable Ledger

1. Continue implementing and executing SSI reconciliation internal controls between subsidiary ledgers at the detail level and the general ledger through summary reports. Investigate and document reconciling differences on a periodic and timely manner.
2. Investigate potential system reporting enhancements to reduce unreconciled differences between summary- and detail-level data produced by subsidiary ledgers.

Deficiencies in Benefit Overpayment Documentation and Calculations

1. Continue exploring opportunities to improve overpayment accuracy and document retention through engaging field office and payment center employees in trainings related to common weaknesses and more complex overpayment cases.
2. Enhance overpayment processing management information to consider risk-based factors such as current overpayment balances, manual intervention required, and age.
3. Consider implementing new overpayment documentation tools to ensure overpayments are documented completely, accurately, and timely by field offices or processing centers within the appropriate systems of record.

Deficiencies in Overpayment Records and Tracking Long-term Installment Payments

1. Continue working toward updated debt management systems without the technical limitations over the length of time repayment installments can be recorded.
2. Continue pursuing changes in repayment policy to minimize future extended repayment plans.
3. Continue analyzing and tracking the impact of the December 2049 system-design process limitation on the financial statements.

SOCIAL SECURITY
The Commissioner

November 10, 2022

Grant Thornton LLP
111 S. Calvert Street, Suite 2320
Baltimore, MD 21202

Dear Sir or Madam:

We have reviewed the Report of Independent Certified Public Accountants concerning our fiscal year (FY) 2022 financial statements. We are pleased we received our 29th consecutive unmodified opinion on our financial statements, an unmodified opinion that our internal control over financial reporting was operating effectively, and we had no reportable instances of noncompliance with laws, regulations, contracts, and grant agreements, or other matters tested.

In this year's financial statement audit, you cited three significant deficiencies identified in prior years. The significant deficiencies concern internal control over certain financial information systems controls, information systems risk management, and internal control over accounts receivable with the public (benefit overpayments).

As noted in your report, we made progress in remediating elements of these significant deficiencies; however, we continue to face challenges such as the ever-changing cybersecurity landscape in which we operate. Your assessment of the significant deficiencies does not fully account for our improved performance in critical areas where cybersecurity was substantially strengthened. We remain committed to resolving the deficiencies identified by audits through risk-based corrective action plans to mitigate risks and strengthen our control environment. Many elements of our remediation plans will take time to implement.

We appreciate both your efforts and the efforts of the Office of the Inspector General. The independent audit process continues to provide us with valuable recommendations, and we remain committed to excellence in financial management.

If members of your staff have any questions, they may contact Christian Hellie, Associate Commissioner for the Office of Financial Policy and Operations, at 410-965-9511.

Sincerely,

Kilolo Kijakazi

Kilolo Kijakazi, Ph.D., M.S.W.
Acting Commissioner

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

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Other Information

SSA.gov

The *Other Information* section provides information to satisfy additional statutory and Office of Management and Budget reporting requirements.

First, we provide a summary of our financial statement audit and management assurances.

Next, in accordance with the *Reports Consolidation Act of 2000*, *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2022* provides a summary and assessment of the most serious management and performance challenges we face as determined by the Office of the Inspector General (OIG). This section also describes the steps we have taken to address each of these challenges.

Finally, in *Other Reporting Requirements*, we provide information on our payment integrity, entitlement reviews and OIG anti-fraud activities, civil monetary penalties, biennial review of user fee charges, grants programs, climate-related financial risk, and debt collection and management activities.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

SUMMARY OF FINANCIAL STATEMENT AUDIT

Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control over Financial Reporting (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Federal Financial Management System Requirements (FMFIA Section 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act		
	Agency	**Auditor**
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. United States Standard General Ledger at Transaction Level	No lack of compliance noted	No lack of compliance noted

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THE SOCIAL SECURITY ADMINISTRATION'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES DURING FISCAL YEAR 2022

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

November 4, 2022

Kilolo Kijakazi
Acting Commissioner

Dear Ms. Kijakazi:

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Federal Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. The *Reports Consolidation Act* also requires that the Social Security Administration (SSA) place the final version of this Statement in its annual *Agency Financial Report*.

MANAGEMENT AND PERFORMANCE CHALLENGES

For Fiscal Year 2022, we initially identified the following challenges:

- Improve Service Delivery
- Protect the Confidentiality, Integrity, and Availability of SSA's Information Systems and Data
- Modernize Information Technology
- Improve Administration of the Disability Programs
- Improve the Prevention, Detection, and Recovery of Improper Payments
- Respond to the Coronavirus Disease 2019 Pandemic

Through audit work and discussions with SSA's senior staff, we identified an additional challenge:

- Manage Human Capital

In the enclosed document, we define each challenge, outline steps SSA has taken to address each challenge, and detail the actions SSA needs to take to fully mitigate each challenge. As some of the challenges are inter-related, progress made in one area could lead to progress in another. For example, improved human capital resource management and further modernization of SSA's information technology would both affect service delivery.

In Fiscal Year 2023, the Office of Audit will continue focusing on these issues and assessing the environment in which SSA operates. I look forward to working with you to continue improving SSA's ability to address these challenges and meet its mission efficiently and effectively.

Gail S. Ennis
Inspector General

Enclosure

The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2022

November 2022

Manage Human Capital

The Social Security Administration (SSA) must adequately plan to ensure it has the staff it needs to meet its mission now and in the future as it finds hiring staff harder in a more competitive job market and when over 40 percent of its workforce will be eligible to retire within 5 years.

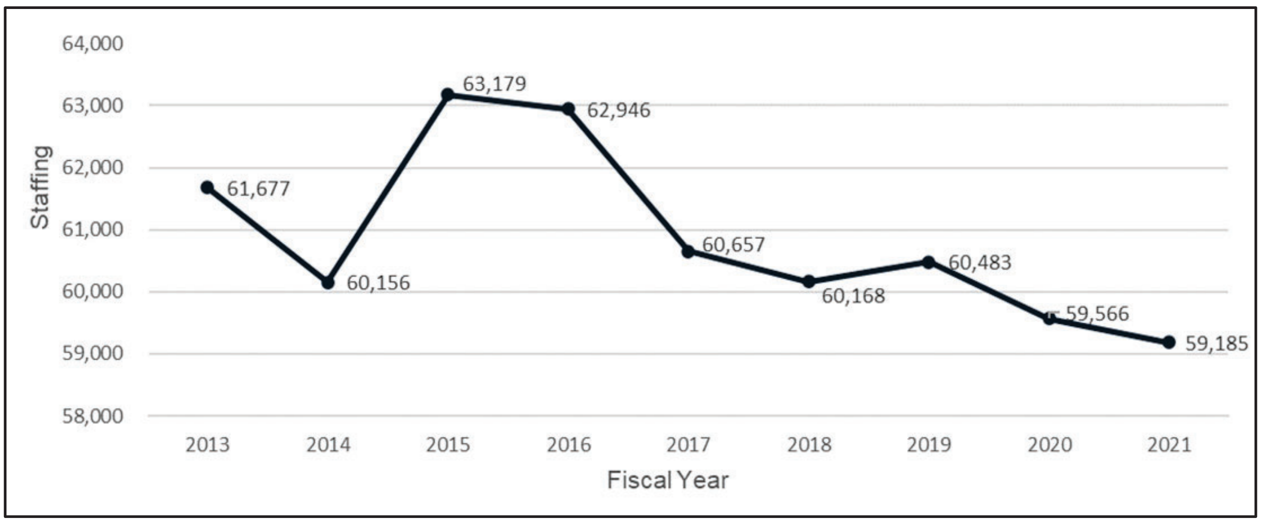
Why this is a Challenge

At a recent congressional hearing, SSA reported its growing workload backlogs, including delays in disability claims processing, were largely due to hiring challenges and higher than expected staff attrition. As SSA faces staffing challenges, its planning documents lack descriptions of the hiring and recruitment plans needed to address them.

Hiring and Retention

SSA has approximately 59,000 full-time equivalent staff, which is about 4,000 less staff than it had 6 years ago (see Figure 1).

Figure 1: SSA's Staffing



Note: SSA's end-of-year Fiscal Year (FY) 2022 staffing data were not available before we released this report.

Senior SSA officials, including the Acting Commissioner, reported numerous challenges in ensuring SSA has the necessary staffing, including insufficient funding over multiple years to hire the level of staff needed and higher than average attrition rates Agencywide. Per the Acting Commissioner, as a result of insufficient funding, SSA was "…unable to hire the level of staffing needed." She further stated, "…we will need sufficient funds in the coming year to ensure we can process all our workloads efficiently."

The timing of when SSA receives a budget with the funding to hire, which is often after the beginning of each FY, can limit SSA from strategically hiring staff during advantageous times of the year, such as recruiting before students graduate from college and when college campuses typically hold recruitment and job fairs. Not being able to strategically time when to hire staff places SSA at risk of not hiring the most qualified candidates as they may have accepted offers from other employers and are no longer seeking employment opportunities when SSA receives funding.

Beyond budgeting, senior staff has also noted that fewer candidates are applying for open positions, including entry-level and managerial positions. For entry-level positions, senior staff noted possible disadvantages, including less competitive pay when compared to private-sector employers and fewer workplace flexibilities, like wide-scale remote work options. For managerial positions, senior staff reported staff is less interested in taking on the responsibility that comes with managerial positions, particularly after they saw the extra responsibilities managers shouldered during the pandemic.

SSA recognizes the loss of technical and institutional knowledge through staff attrition is one of its greatest challenges and may impair succession management and knowledge transfer. Approximately 25,000 SSA employees will be eligible to retire in the next 5 years, including 15,000 eligible for retirement and 10,000 eligible for early retirement. Also, SSA spends considerable time training new employees on its complex programs. When new employees separate, SSA loses the investment it has made in them.

HUMAN CAPITAL PLANNING

SSA included workforce management as one of its key risks in its *Fiscal Year 2022 Enterprise Risk Management Risk Profile*. Federal regulation (5 C.F.R. § 250.203) requires that Federal agencies ensure their human capital management strategies, plans, and practices are integrated with their strategic plans, performance plans, and goals in those plans. SSA's *Agency Strategic Plan (ASP)*, *Annual Performance Plans,* and *Human Capital Operating Plan* (HCOP) covering FYs 2018 – 2022 include limited discussions of the human-capital strategies needed to ensure it successfully meets its strategic goals and initiatives.

The human capital management strategies in SSA's HCOP align with some ASP strategic objectives but not others. For example, the HCOP describes key initiatives that align with the ASP's strategic objective of *Improving Workforce Performance.* However, HCOP does not include human capital management strategies for the remaining ASP strategic objectives, including SSA's initiatives to improve service delivery and accelerate information technology (IT) modernization. While the HCOP states SSA's ". . . highest priority and commitment is to improve service delivery to the public, which includes improving 800-number, hearings, and field office wait times and modernizing our [IT] as well as our disability policies," the HCOP does not describe the human capital management strategies needed to support these priorities.

Federal regulations also require that agencies implement proven strategies and practices to develop and retain talent. SSA's ASP, *Annual Performance Plans,* and HCOP do not describe a strategic recruitment plan to attract and hire talent as more of its workforce becomes eligible for retirement and it is experiencing higher than average attrition.

PROGRESS THE SOCIAL SECURITY ADMINISTRATION HAS MADE

HIRING AND RETENTION

SSA's FY 2023 budget requests funding for staffing and overtime to help mitigate the growth in pandemic-related backlogs by adding more than 4,000 staff in frontline operations and at disability determination services (DDS). SSA plans to take a number of steps to expand its recruitment efforts, including the following:

- exploring sessions for potential applicants to advise them on the hiring process;
- training managers, administrative staff, and human-resource specialists on recruitment strategies, merit promotion, hiring authorities, and flexibilities supporting employees' tenure (for example, from hire to exit); and
- partnering with companies and universities to build a more diverse pipeline into public service.

In FY 2021, SSA established an executive-level Succession Planning Governance Board and staff-level Integration Team. In FY 2022, SSA expanded the responsibilities of the Integration Team to include researching, developing, and proposing solutions to succession and strategic workforce planning issues. The Governance Board identified FY 2022 strategic workforce planning priorities related to key workforce challenges, including strengthening employee engagement, helping staff effectively navigate the hybrid work environment, and enhancing workforce flexibility programs. SSA leveraged the Integration Team to benchmark best practices and develop proposed strategies to mitigate the key workforce challenges.

Human Capital Planning

SSA has begun enhancing its human capital planning, including taking steps to build a strategic workforce planning business process and framework for Agency-wide implementation. In response to a FY 2021 Office of Personnel Management review, SSA reported it would align its upcoming (and not yet released) HCOP with the FYs 2022-2026 ASP and describe its human capital strategies to address Agency-specific skill and competency gaps.

What the Social Security Administration Needs to Do

- Develop and implement human capital strategies that specifically describe its plans to attract and hire talent, including the steps SSA will take to address known hiring and retention challenges.
- Develop and implement human capital strategies that specifically describe how SSA will acquire the future workforce needed to successfully fulfil its mission, including plans to address its upcoming retirement wave.

Key Related Links

- SSA, OIG Website – The Social Security Administration's Human Capital Planning (A-02-19-50866), September 2022
- SSA Website – Agency Strategic Plan FYs 2022-2026
- SSA Website – Annual Performance Report FYs 2021-2023
- SSA Website – Justification of Estimates for Appropriations Committees FY 2023
- U.S. Congress, Ways and Means Committee Website – Statement for the Record by Deputy Commissioner Grace Kim, May 2022

Improve Service Delivery

SSA needs to address growing workloads and the expected retirement of experienced employees as it pursues its mission to deliver quality service to the public.

Why This is a Challenge

In response to the Coronavirus Disease 2019 (COVID-19) pandemic, SSA shifted the way it served its customers by significantly decreasing in-person field office services from March 2020 to April 2022. While SSA reopened its field offices to walk-in, in-person service in April 2022, the number of visitors to its offices has not reached pre-pandemic levels. SSA will need to continue increasing, improving, and ensuring the continuity of its other service methods to meet its customers' demand for them, including its national 800-number and online services. Online services that lessen the need for staff are particularly important as SSA faces staffing challenges, and many of its employees are reaching retirement age.

Telephone Service

At the start of the pandemic, SSA had separate telephone systems for its national 800-number, field offices, and Headquarters operations. To accommodate remote operations in response to the COVID-19 pandemic, SSA augmented its legacy telephone systems that modified functionality and capacity. In May 2021, SSA began implementing a unified telephone system to replace the three legacy systems via its Next Generation Telephony Project. When fully implemented, the Project is expected to improve telephone customer service by merging the three legacy systems into a single platform that will be more efficient, stable, and functional. SSA has revised the date it expects to implement the Project multiple times; it now expects the Project to be implemented by December 2023.

Until the Project is implemented, SSA is relying on its augmented legacy telephone systems, which has resulted in reduced stability and functionality throughout the pandemic. Heavy call volumes overwhelmed the platform on numerous occasions and caused service disruptions, including dropped call queues, dead air calls, misdirected calls, and disconnections.

Online Service

SSA acknowledges advancements in technology provide opportunities to do business differently and often more efficiently and conveniently. SSA continues exploring ways to enhance the customer service experience by providing online self-service options, many of which beneficiaries access through their *my* Social Security accounts. In FY 2022, SSA registered over 10 million users for *my* Social Security accounts. To date, SSA has registered over 72 million users on *my* Social Security.

While SSA provides the public additional digital services, such as online, remote, and self-service options, it must do so in a way that maintains a strong commitment to protect its customers from current and emerging threats including identity theft and scams to steal money or personal information. SSA must continue strengthening the identity-verification process for new *my* Social Security account registrations to protect the public's personal information and improve customers' experiences.

SSA needs to ensure its online services help reduce the need for staff processing. While SSA created an electronic Supplemental Security Income (SSI) protective filing tool in March 2022 to allow individuals to submit a request for an appointment to file for benefits and record a protective filing date, individuals cannot apply for SSI online. SSA senior staff noted that the SSI online tool did not effectively screen out individuals who were likely not eligible for the SSI program and that some individuals used the tool to create multiple appointments. As such, it created more work for field office staff who needed to screen out the duplicate appointments. Also, the duplicate appointments decreased available appointment slots, which made other people who needed appointments to have to wait longer for them.

Progress the Social Security Administration Has Made

Telephone Service

In FY 2022, SSA recognized unstable telephone services as one if its enterprise risks. In response, SSA has worked to reinforce the Next Generation Telephony Project platform's ability to absorb the pandemic-related call volumes. SSA plans to complete the transition to the new telephone platform in FY 2023. When it does, SSA expects to restore features previously available that it lost – Callback Assistance, Estimated Wait Time, comprehensive management information – when it augmented its legacy systems in response to the COVID-19 pandemic. It also plans to increase the concurrent call maximum to 18,000 sessions to minimize or eliminate bottlenecks and increase the maximum queue limit to provide the ability to handle the higher call demand periods and spikes. The average wait time as of the end of FY 2022 was 33 minutes compared to the average wait time of 14 minutes in FY 2021. SSA's goal was to have a 19-minute wait time by the end of FY 2022.

Online Service

SSA stated, in FY 2022, it would enhance the user experience, streamline the online claims process for its customers, and reduce the amount of contact customers have with a claims representative when completing an application. SSA also planned to improve the claims status tracker and online portal design. SSA is expanding online service options for replacing Social Security number (SSN) cards so the public does not need to visit an office. For example, adult U.S. citizens who meet certain criteria may apply for a replacement card using the internet Social Security Number Replacement Card (iSSNRC) online application through their *my* Social Security account. In FY 2022, SSA planned to expand iSSNRC to non-participating states and continue incorporating the name change due to marriage initiative in iSSNRC, allowing eligible customers to request a replacement SSN card. In FY 2023, SSA plans to expand the marriage data exchange; integrate the Electronic Verification of Vital Events data exchange into iSSNRC to verify birth information; and explore more avenues to increase access and enhance security.

Additionally, SSA is improving the iAppeals online application process for people who appeal an Agency decision for such non-medical issues as overpayments or Medicare premium rates. The enhancements will integrate the Medical and Non-Medical iAppeals via an authenticated claimant and appointed representative portal.

SSA is exploring ways to improve the experience for claimants, their representatives, and its technicians by developing the Appeals and Appointed Representative Processing Services (AARPS). AARPS will be an online portal with self-service options for customers and appointed representatives to electronically accept appointments as well as complete fee agreements, appeals, registration, and other related workloads. In 2023, the Agency plans to develop and implement AARPS, incorporating stakeholder input.

SSA updated the electronic SSI protective filing tool on October 1, 2022 to prevent ineligible individuals from making appointments to apply for SSI. If the tool determines individuals are ineligible, they receive the following message: "We cannot process your request at this time. Please try again later, of if you need immediate help to schedule an appointment, please contact us." While the update prevents ineligible individuals from making appointments, the message the tool provides them could lead to increased customer traffic to SSA's 800-number or field offices.

What the Social Security Administration Needs to Do

- Continue developing and implementing strategies that will provide quality services to the public now and in the future and ensure SSA retains institutional knowledge.
- Ensure a successful transition to a stable telephone service that meets its customers' needs.
- Ensure any electronic applications offered through *my* Social Security accounts include an effective authentication process.

KEY RELATED LINKS

- SSA, OIG Website - Reports related to improving service delivery
- SSA Website - Agency Strategic Plan FYs 2022-2026
- SSA Website - Annual Performance Report for FYs 2021-2023
- SSA Website – SSA's FY 2023 President's Budget

Protect the Confidentiality, Integrity, and Availability of Information Systems and Data

SSA must ensure its information systems are secure and sensitive data are protected.

Why this is a Challenge

SSA's IT supports every aspect of SSA's mission, whether it is serving the public during in-person interviews or online, routing millions of telephone calls to its 800-number, or posting millions of earner wage reports annually. Disruptions to the integrity or availability of SSA's information systems would dramatically affect its ability to serve the public and meet its mission. Also, SSA's systems contain personally identifiable information, such as SSNs, which—if not protected—could be misused by identity thieves.

Information Security

SSA continues expanding its online services to improve customer service and developing systems. It is imperative that SSA have a robust information security program. In its most recent report for the *Federal Information Security Modernization Act of 2014* (Pub. L. No. 113-283), Grant Thornton LLP determined SSA had established an Agency-wide information security program. Although the maturity of SSA's information security program improved in some areas, Grant Thornton identified several deficiencies that could limit SSA's ability to protect the confidentiality, integrity, and availability of its information systems and data.

Because of weaknesses identified, Grant Thornton concluded SSA's overall security program was "Not Effective." Grant Thornton recommended that SSA strengthen its information security risk management framework; enhance IT oversight and governance to address these weaknesses; and adhere to its information security policies, procedures, and controls.

Social Security Number Protection and Earnings Accuracy

The SSN is relied on as an identifier and is valuable as an illegal commodity. Accordingly, the information SSA houses on every numberholder is desirable to would-be hackers and identity thieves. Protecting the SSN and properly posting the wages reported under it are critical to ensuring SSN integrity and eligible individuals receive the full benefits due them.

Accuracy in recording numberholder information is critical because SSA and other agencies rely on that information to verify employment eligibility, ensure wage reports are processed, and terminate payments to deceased beneficiaries. Accuracy in recording workers' earnings is critical because SSA calculates benefit payments based on individuals' earnings over their lifetimes. As such, it is critical that the Agency ensure numberholder information is complete in its systems as well as SSNs are properly assigned only to those individuals authorized to obtain them, SSN information be protected once SSA assigns the number, and earnings are accurately posted and reported under SSNs.

A specific challenge to ensuring accurate earnings postings is employers reporting earnings information incorrectly so SSA cannot match the reported earnings to individuals in its records. The Earnings Suspense File is the record of wage reports on which wage earners' names and SSNs fail to match SSA's records. As of October 2022, the Earnings Suspense File had accumulated $2.01 trillion in wages and over 396 million wage items for Tax Years 1937 through 2021.

PROGRESS THE SOCIAL SECURITY ADMINISTRATION HAS MADE

INFORMATION SECURITY

SSA acknowledges it must be mindful of cyber-threats and remain committed to protecting privacy and security. SSA's *Cybersecurity Strategic Plan 2022-2024* focuses on how it will safeguard and protect against IT and cyber-security threats by continuing to mature its cyber-security program. The *Plan* defines strategic goals and priorities and includes strategies and initiatives to address IT and cyber-security challenges.

In FY 2022, SSA executed a risk-based approach to strengthen controls over its systems and address weaknesses. In addition, SSA continued implementing several plans, strategies, and initiatives to address security gaps.

SOCIAL SECURITY NUMBER PROTECTION AND EARNINGS ACCURACY

SSA has taken steps to reduce the Earnings Suspense File's size and growth. The Agency allows employers to verify the names and SSNs of their employees using the Agency's online SSN Verification Service before they report wages to SSA. In FY 2022, employers verified over 226 million SSNs using the SSN Verification Service.

SSA supports the Department of Homeland Security's E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. Through the fourth quarter of FY 2021, which is the latest data available, the Department of Homeland Security reported it processed 42.5 million E-Verify cases. Approximately 592,000 (1.39 percent) of these received a "not authorized to work" response.

WHAT THE SOCIAL SECURITY ADMINISTRATION NEEDS TO DO

- Address the deficiencies Grant Thornton identified to improve SSA's ability to protect the confidentiality, integrity, and availability of its information systems and data.
- Improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer-reporting problems, re-examining the validity and integrity checks used to prevent suspicious wages from being posted, and encouraging greater use of SSA's employee verification programs.

KEY RELATED LINKS

- SSA, OIG Website - Reports related to protecting the confidentiality, integrity, and availability of SSA's information systems and data
- SSA, OIG Website – Summary of the Audit of the Social Security Administration's Information Security Program and Practices for Fiscal Year 2022
- National Institute of Standards and Technology Website - Special Publication 800-63-3, Digital Identity Guidelines

MODERNIZE INFORMATION TECHNOLOGY

SSA must continue modernizing its IT to accomplish its mission despite budget and resource constraints.

WHY THIS IS A CHALLENGE

SSA relies on its IT to serve the public and safeguard SSA programs. Rapid, continuous technology advancements and the recent national shift to increased virtual services and communications reinforce the pressing need to modernize SSA. The Agency must fundamentally rethink how it delivers services, the processes and infrastructure that support that delivery, and the policies that enable delivery. SSA continues relying on outdated applications and technologies to process its core workloads (for example, retirement and disability claims) and knowledge of its dated applications and legacy infrastructure will diminish as developers retire. Without complete and timely modernization of its legacy systems, the Agency runs the risk of increased maintenance costs, lack of available support, and decreased capacity to support business and processing needs.

INFORMATION TECHNOLOGY MODERNIZATION

SSA must maintain its legacy systems while, in parallel, developing modern replacements to keep pace with increasing workloads. The Agency had taken an incremental approach to IT modernization by replacing systems' components rather than whole systems. However, in its 2017 *IT Modernization Plan*, SSA acknowledged that this approach had not worked and committed to invest $691 million through FY 2022 in transformational initiatives and infrastructure.

In FY 2020, SSA updated its *IT Modernization Plan* by expanding the scope to include additional investments in direct service delivery. Under the revised scope, the Agency expected to spend $863 million on IT modernization through FY 2022, while using much of its IT funding—nearly $1.9 billion in FY 2022—to operate and maintain existing systems. Despite the significant resources devoted to modernization, efforts and investments remained incomplete in FY 2022.

To support its IT modernization, SSA used Agile development, which takes an iterative approach to incrementally deliver software. While the Agency implemented some appropriate controls and practices to manage its Agile projects, SSA's Agile guidance was incomplete, and projects did not always follow Agile best practices or enforce key controls. In addition, the Agency did not ensure data from its Agile project management tool were reliable. Finally, SSA needed to improve Agile training and decision making. Improvements in these areas could provide SSA and taxpayers greater benefits from the Agile development method, including higher quality software developed faster and at a lower cost.

INFORMATION TECHNOLOGY INVESTMENT PROCESS

In 2016, SSA established the Information Technology Investment Process (ITIP) to provide guidance on selecting, tracking, and managing IT investments. The goal was to optimize IT investments and ensure those investments were delivered on time and on budget. ITIP organizes the Office of Systems' IT investment decision-making process into four phases: Plan, Select, Control, and Evaluate. However, our audit noted several issues with ITIP that could prevent it from supporting strategic decision making and allowing the Agency to plan for, manage, and implement IT investments as projected. There are investment decisions not included in the ITIP process. In addition, although SSA verified and compared costs, functionality impact, and other areas in its post-implementation review reports, it could not quantify the benefits or calculate the return on investment for all the projects those reports covered.

Progress the Social Security Administration Has Made

Information Technology Modernization

SSA developed its *Digital Modernization Strategy* to build on previous modernization efforts and guide the Agency from FYs 2023 through 2026. Objectives include eliminating investments in outdated and legacy technology as well as eliminating silos in the technology used to support core Agency functions by building end-to-end processing systems.

In addition, SSA is adopting an Agile scaling framework that defines roles and establishes recommended practices. The Agency also planned to provide additional training; develop, document, and enforce standards for its Agile project management tool; and leverage more of the tool's capabilities.

Information Technology Investment Process

In FY 2021, SSA continued the Information Technology Investment Governance Refresh. Objectives of the Refresh include improving the Agency's ability to manage its IT investments, ensuring the Agency's IT investments support its priorities, and monitoring and reporting regularly on the realization of investment value and other measures of investment progress and performance.

What the Social Security Administration Needs to Do

- Prioritize IT modernization activities to ensure available resources lead to improvements with the greatest impact on SSA's operations and the service it provides the public.
- Ensure its IT planning and investment control processes are effective.

Key Related Links

- SSA, OIG Website - Reports related to modernizing IT
- SSA Website – SSA's IT Modernization Plan
- SSA Website – SSA's IT Modernization Plan, 2020 Update

Improve Administration of the Disability Programs

To better serve its customers, SSA needs to address increasing pending initial disability claims, reconsiderations, and continuing disability reviews (CDR); reduce barriers to the disability program; reduce hearings processing times; and develop better strategies to help disabled beneficiaries return to work.

Why this is a Challenge

Disabled claimants rely on SSA to quickly process disability applications and reconsideration requests, make disability determinations, and complete disability-related hearings. Processing times and the pending workload levels have increased, resulting in disability claimants waiting longer for decisions on their claims. Also, while SSA has programs to help disabled beneficiaries return to work, few have done so.

Pending Disability Workloads

In December 2021, we reported that although receipts for initial disability claims, reconsiderations, and CDRs decreased, processing times and the number of pending cases for these workloads increased. This indicates claimants were waiting longer for DDSs to make medical determinations, and the DDSs could not keep pace with the workloads received.

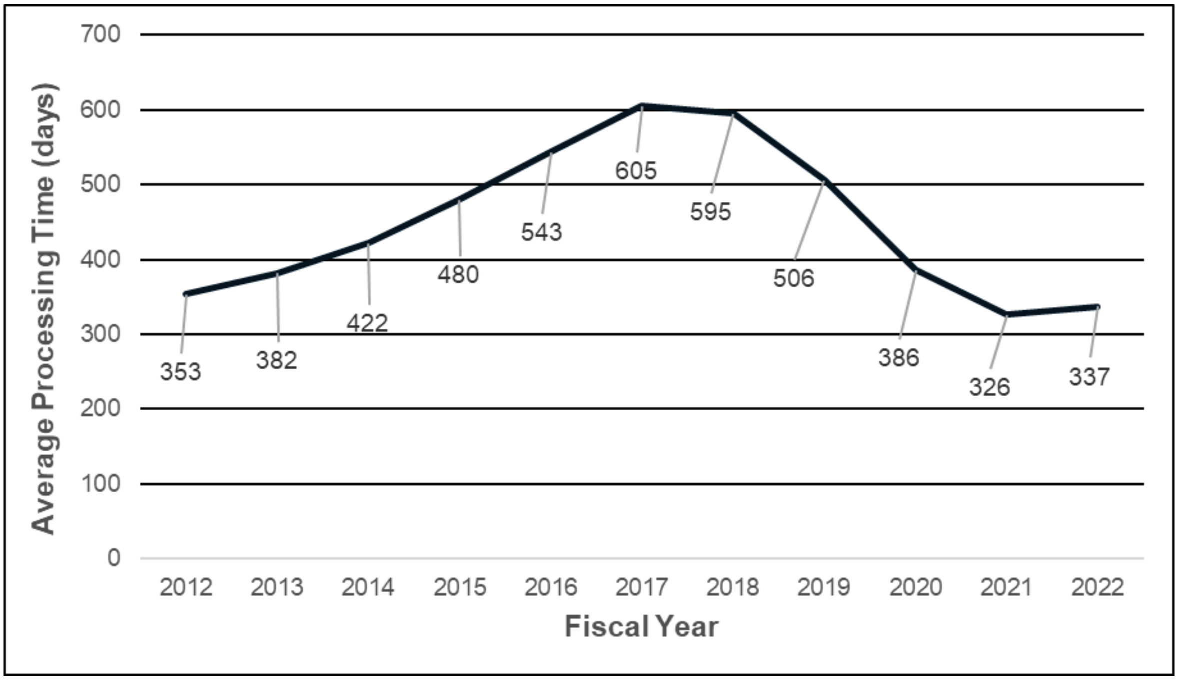
Before the COVID-19 pandemic began, SSA had reduced pending initial disability claims from almost 708,000 at the end of FY 2012 to approximately 594,000 at the end of FY 2019 and pending reconsiderations from approximately 198,000 to almost 134,000. However, DDSs closures in initial response to the pandemic and delayed consultative examinations during the pandemic, along with DDS examiner attrition of about 25 percent in FY 2022, affected initial disability claims and reconsideration processing. SSA implemented a temporary hiring freeze in FY 2022 because of funding constraints, further exacerbating DDS staffing shortages. As of the end of FY 2022, pending initial disability claims had increased to approximately 941,000, and pending reconsiderations had increased to almost 234,000, which were 58- and 75-percent increases, respectively, since the end of FY 2019.

In FY 2018, SSA eliminated the backlog of full medical CDRs. However, in response to the COVID-19 pandemic, from mid-March through August 2020, SSA suspended processing medical CDRs that could result in benefit cessation. The number of full medical CDRs SSA processed decreased from over 713,000 in FY 2019 to approximately 511,000 in FY 2021. Although SSA increased the number of full medical CDRs it had processed in FY 2022 to over 590,000, a backlog of over 203,000 full medical CDRs remained.

While overall pending initial disability claims increased, SSA continued reporting significant decreases in SSI disability applications. In FY 2019, SSA received approximately 1.6 million SSI disability applications. By the end of 2022, SSA had received approximately 1.3 million such applications, a 19.7-percent decrease from the FY 2019 total. SSA identified concerns that pandemic operating procedures, such as field office closures for most walk-in services, may have contributed to reduced applications for individuals who needed help with their claims.

While SSA has continued reducing hearings processing times (see Figure 2) and the number of pending hearings, it has not achieved its processing time goal of 270 days. As of FY 2022, the average processing time for hearings was 337 days, and the hearings pending level was almost 344,000 hearings.

Figure 2: Average Hearings Processing Time

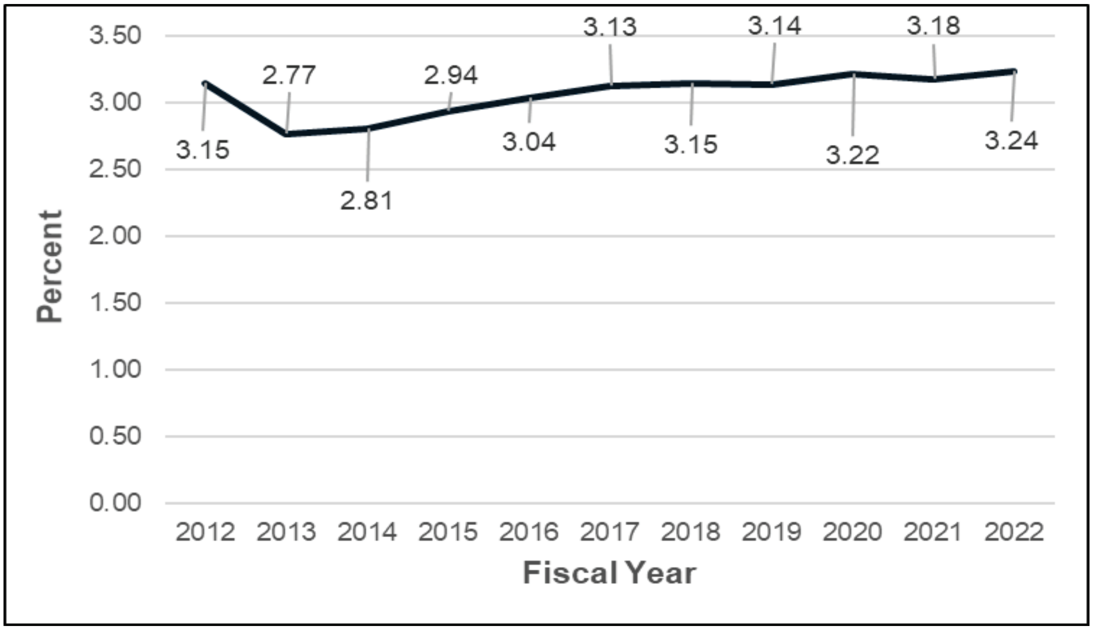


Returning Disabled Beneficiaries to Work

Congress directed SSA to implement programs to help disabled individuals return to work. To date, these programs have helped only a small percentage of disabled individuals. For example, the *Ticket to Work and Work Incentives Improvement Act of 1999* (Pub. L. No. 106-170) established the Ticket to Work and Self-Sufficiency Program. Under the Program, SSA provides disabled beneficiaries a Ticket they can assign to qualified organizations to obtain vocational rehabilitation or employment services.

While SSA has set goals to increase the number of participating beneficiaries, few eligible beneficiaries have used their Tickets for vocational or employment services. Specifically, approximately 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use in FY 2022, similar to the percent of individuals who assigned their Tickets in recent years (see Figure 3). Further, in October 2021, we reported that 62 percent of the beneficiaries we reviewed had unsuccessful work outcomes after they received vocational rehabilitation. These beneficiaries did not find the services helpful. Some indicated they did not receive sufficient help from the vocational rehabilitation agencies or counselors.

Figure 3: Percent of Ticket-eligible Beneficiaries with Tickets Assigned or In-use



For disabled individuals who return to work, SSA offers work incentives that make it possible for them to work and still receive benefits. SSA identifies and applies work incentives during work CDRs. In September 2022, we reported SSA made errors on work CDRs that involved incentives for an estimated 31,000 beneficiaries, which resulted in over $553 million in questionable benefit payments.

Progress the Social Security Administration Has Made

Pending Disability Workloads

In response to the COVID-19 pandemic, SSA limited in-person services to appointment-only for certain critical-need situations though it continued processing and prioritizing initial disability claims. In April 2022, SSA resumed in-person services, including serving visitors who did not have appointments. SSA indicated it is taking steps to improve its disability processes, such as making additional disability forms available online; increasing consultative examination availability, including virtually; and recruiting additional providers.

SSA is also working to restore program-integrity workloads, including medical CDRs, to pre-pandemic levels. In part, SSA is working with the DDSs to understand the underlying reasons for attrition, as the loss of experienced employees significantly affected the Agency's ability to complete program-integrity workloads. To address hiring challenges, SSA developed a national workgroup, which made recommendations to improve hiring practices, including using different platforms, such as social media. SSA anticipates it will eliminate the CDR backlog in FY 2023 by increasing processing capacity to handle more reviews, with SSA planning to process approximately 700,000 CDRs in FY 2023.

In March 2021, SSA began a national public outreach campaign to raise awareness of its disability programs and improve access for people facing barriers, such as language, medical conditions, or inadequate Internet access. Outreach efforts included enlisting third parties to work with people facing barriers and promote SSA programs on paid social media, television, and radio advertising. SSA also established a new Agency Priority Goal to address the decline in disability applications received during the pandemic and improve equity in the SSI program through increased outreach and improved benefit delivery. In March 2022, SSA implemented an online option that enables individuals and third parties to express their intent to file for SSI. While SSA increased outreach, the number of SSI applications continued to decline.

In January 2016, SSA issued the *Compassionate And REsponsive Service* (CARES) plan to address the growing number of pending hearings and increased wait times. In April 2019, SSA released the 2018-2019 CARES plan, which noted that SSA expected to reach the 270-day average processing time goal in FY 2021, which it did not do. To address hearing office closures in response to the COVID-19 pandemic, SSA offered claimants telephone and online video hearings and established a public-facing Website to educate claimants and representatives on the hearing options available during the pandemic. As we reported in July 2022, from the start of the pandemic through March 2022, SSA held almost 808,000 hearings, most of which were via telephone, and over 40,000 online video hearings.

SSA postponed hearings for claimants who declined telephone or online video hearings until it could resume in-person hearings. In November 2020, the Government Accountability Office reported that, early in the pandemic, ". . . about 1 in 4 claimants were declining phone hearings. In October 2020, about 1 in 10 claimants were declining phone hearings…" (from page 239 of the Government Accountability Office report). Though SSA offered claimants telephone and video hearings, it resumed in-person hearings in March 2022, focusing on individuals who have been waiting for a hearing because they declined telephone and online video hearings or were experiencing certain circumstances like homelessness. Despite pandemic-related challenges, SSA further reduced the average hearing wait time and pending hearings to their lowest levels in over a decade and plans to reach its processing time goal by the end of FY 2023.

Returning Disabled Beneficiaries to Work

SSA has a number of resources to assist disabled beneficiaries in returning to work, including having Work Incentive Liaisons in each field office to provide advice and information about work-incentive provisions and employee-support programs to individuals with disabilities and outside organizations that serve those with disabilities. SSA also has Area Work Incentives Coordinators who conduct public outreach on work incentives in their local areas, train SSA field office staff on employment support programs, and monitor disability work-issue workloads in their areas. SSA provides grants to community-based organizations to provide disabled beneficiaries free access to work incentives planning and assistance. This assistance includes access to Community Work Incentives Coordinators who work with disabled beneficiaries to help them understand their benefits and the effect work has on those benefits, what they need to report to SSA, and provide ongoing support as disabled beneficiaries' transition back to work.

What the Social Security Administration Needs to Do

- Renew its focus on reducing and eliminating the initial disability claims, reconsideration, and CDR backlogs.
- Continue partnering with DDSs to address staffing shortages caused by attrition and hiring challenges.
- Continue recruiting additional consultative examination providers and increase consultative examination availability, including virtual examinations.
- Improve access to the disability program and monitor the impact of outreach to individuals facing barriers to SSA's programs.
- Implement and monitor the CARES initiatives designed to improve timeliness and reduce the hearings backlog.
- Continue creating new opportunities for returning beneficiaries to work and ensure measurement of costs, savings, and effectiveness are part of the design of such initiatives.

Key Related Links

- Government Accountability Office Website – COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response (GAO-21-191), November 2020
- SSA, OIG Website - Reports related to improving the administration of the disability programs
- SSA Website – SSA's Information for People Helping Others

- SSA Website – SSA’s CARES plan
- SSA Website – SSA’s CARES plan, 2018-2019 update
- SSA Website – The Work Site

IMPROVE THE PREVENTION, DETECTION, AND RECOVERY OF IMPROPER PAYMENTS

SSA must be a responsible steward of the funds entrusted to its care by minimizing the risk of making improper payments and recovering overpayments when they occur.

WHY THIS IS A CHALLENGE

SSA is responsible for issuing over $1 trillion in benefit payments annually. Even the slightest error in the overall payment process can result in millions of dollars in improper payments. Improper payments can be overpayments, when SSA pays someone more than they are due, or underpayments, when SSA pays someone less than they are due. Per its most recent estimates available, SSA estimates it made approximately $7.4 billion in improper payments in FY 2021: $6 billion in overpayments and $1.4 billion in underpayments.

MANAGEMENT OF PAYMENT WORKLOADS

Improper payments may occur when SSA makes mistakes in computing payments or fails to obtain or act on available information. For example, in FY 2022, we:

- Concluded SSA employees incorrectly input student information on beneficiaries' records, which resulted in SSA underpaying an estimated 14,470 beneficiaries approximately $59.5 million.
- Estimated SSA could have avoided approximately 73,000 overpayments totaling more than $368 million if it had effective controls over benefit-computation accuracy. SSA's automated systems could not compute benefit payments due in certain situations, and the Agency did not provide employees with a comprehensive tool to use when they had to manually calculate them. Without adequate automation tools, employees can make errors.

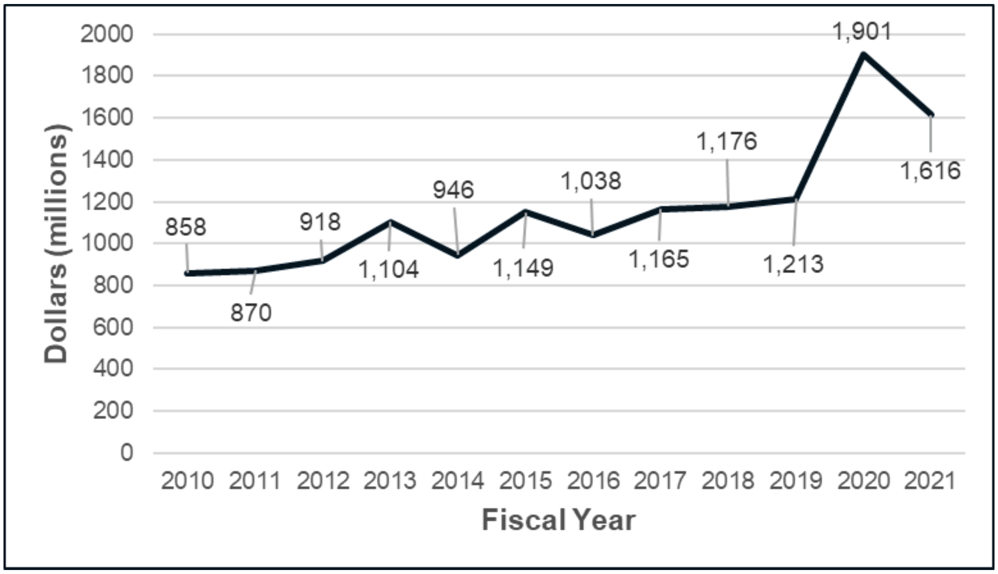
EXTERNAL DATA

Preventing improper payments is more advantageous than recovering them since the Agency has to expend additional resources to recover the overpayments or process additional payments to rectify underpayments. Wages and income, resources, and living arrangements are a few of the factors that affect Old-Age, Survivors and Disability Insurance (OASDI) or SSI eligibility and payment amounts. Beneficiaries and recipients are required to report to SSA any change in circumstances that may affect their benefits; however, they do not always fully comply. Obtaining data from external sources, such as other Federal agencies, state agencies, and financial institutions, is critical to preventing and detecting improper payments.

While SSA has made progress implementing data exchanges to reduce its reliance on beneficiaries self-reporting information; it still has work to do. While some of the challenges the Agency encounters when it enters into data exchanges are beyond its control, the Agency could improve its process by implementing a centralized system for administering data exchanges and considering pursuing legislative changes allowing for it to obtain the data it needs.

To address SSI improper payments related to resources, SSA implemented the Access to Financial Institutions (AFI) program in June 2011. AFI verifies alleged bank account balances with financial institutions and searches for undisclosed accounts at geographically relevant locations based on the claimant's address. SSA uses AFI when it processes initial SSI applications and periodic eligibility redeterminations. As shown in Figure 4, overpayments related to financial accounts increased from FYs 2010 to 2021.

Figure 4: SSI Financial Account Overpayment Deficiency Dollars
FYs 2010 Through 2021



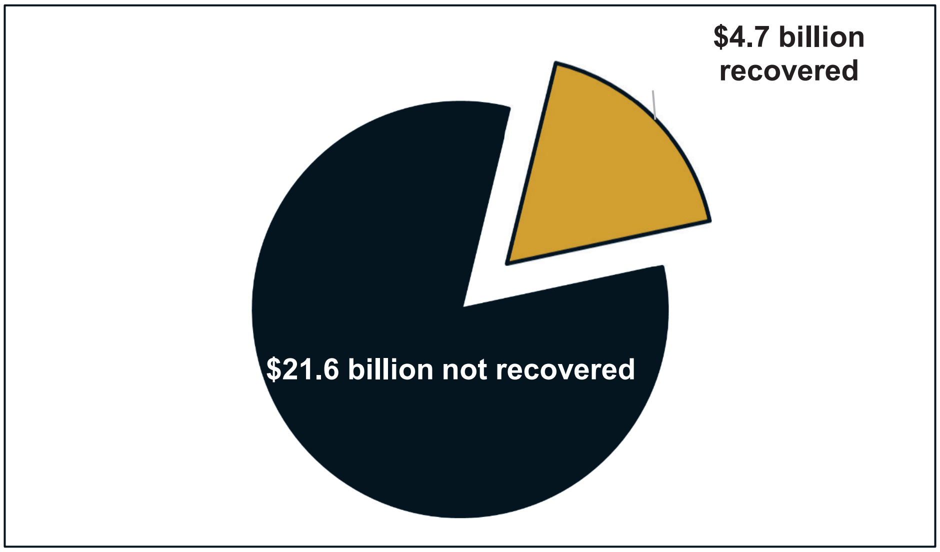
In FY 2021, SSA determined the expanded use of AFI was not feasible because of a broad range of legal, technical, operational, and contractual barriers, but it plans to re-visit this issue in FY 2023. Deficiency dollars have generally increased since the implementation of the AFI program. Although AFI works as designed, the ability to check accounts retrospectively does not completely prevent or reduce improper payments. Tools such as AFI identify errors, but the SSI program continues to rely heavily on recipients reporting changes timely to prevent errors.

RECOVERY

When SSA determines it has underpaid a beneficiary, it will pay the beneficiary the amount owed. Once SSA determines it has overpaid an individual, it attempts to recover the overpayment. However, because of a systems-design limitation, SSA does not capture and track OASDI overpayments that are scheduled for collection beyond FY 2049. If SSA does not resolve this limitation by the end of 2029, we estimate more than 203,000 beneficiaries will have nearly $2.5 billion in untracked overpayments.

According to SSA, in FY 2022, it recovered over $4.7 billion in overpayments at an administrative cost of $0.06 on average for every dollar collected. Still, at the end of the FY, SSA had a $21.6-billion uncollected overpayment balance (see Figure 5).

Figure 5: FY 2021 Overpayment Recovery



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Progress the Social Security Administration Has Made

In FY 2019, SSA established the Improper Payment Prevention Team to address improper payments; it has developed strategies to determine the underlying causes of payment errors, develop corrective action plans, and determine cost-effective actions. In FY 2022, SSA continued monitoring the progress of mitigation strategies and corrective actions.

Management of Payment Workloads

SSI non-medical redeterminations, which are periodic reviews of such non-medical eligibility factors as income and resources, are an important program-integrity tool. SSA estimated that, over 10 years, the non-medical redeterminations it conducted in FY 2022 would yield, on average, a return on investment of about $3 of net Federal program savings per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects. However, according to SSA, budgetary constraints determine how many redeterminations it conducts each year.

Through completed CDRs, SSA periodically verifies whether individuals are still disabled and eligible for disability payments. SSA has estimated that, over the next 10 years, the CDRs it conducted in FY 2022 will yield, on average, net Federal program savings of roughly $9 per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare, and Medicaid effects.

According to SSA, changes in a person's wages are a leading cause of improper payments in the Disability Insurance and SSI programs. SSA uses a number of sources to verify wage amounts, such as pay stubs submitted by beneficiaries, recipients, or representative payees and annual earnings data from the Internal Revenue Service. Individuals can also report wage information electronically to SSA through its online, mobile, or telephone wage reporting applications or *my* Social Security account. However, verifying wages is generally a manual process, and SSA employees continue relying heavily on individuals to accurately report wages. SSA is working toward an automated information exchange with payroll data providers that would automatically match against SSA records to verify wages timely without additional manual verification.

External Data

SSA has successfully entered into data exchanges with Federal and state partners to help identify and prevent improper payments. For example, SSA created an information exchange agreement that allows states to disclose to the Agency account statements related to distributions and account balances of all *Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014* (Pub. L. No. 113-295) accounts. The *Stephen Beck, Jr., Achieving a Better Life Experience* Act *of 2014* aimed to ease financial strains individuals with disabilities face by making tax-free savings accounts available to cover qualified disability expenses. As of FY 2022, SSA had secured agreements and received data from most states.

Recovery

To collect overpayments, SSA uses internal debt-collection techniques, such as payment withholding and billing, as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* (Pub. L. No. 104-134) for OASDI debts and the *Foster Care Independence Act of 1999* (Pub. L. No. 106-169) for SSI debts. These techniques include the Treasury Offset Program and administrative wage garnishment.

In January 2021, SSA partnered with the Department of the Treasury's Pay.gov team to implement SSA's first on-line repayment option for overpaid individuals. This option allows individuals to repay overpayments via credit or debit cards or automated clearing house transactions (that is, directly from checking or savings accounts). Additionally, in July 2021, SSA implemented a second option to allow overpaid individuals to use their bank's online bill pay features to make a one-time or recurring automated clearing house draft from a bank account using a personal computer or mobile telephone.

What the Social Security Administration Needs to Do

- Address the root causes of improper payments to prevent their occurrence.
- Expand efforts to collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when beneficiaries or recipients self-report information.
- Identify and prevent improper payments through automation and data analytics. SSA needs to use available data to better identify changes that affect beneficiaries' and recipients' benefit payments.

Key Related Links

- SSA, OIG Website - Reports related to improving the prevention, detection, and recovery of improper payments
- Federal Payment Accuracy Website – PaymentAccuracy.gov
- SSA Website – Pay an Overpayment

Respond to the Coronavirus Disease 2019 Pandemic

SSA must continue adjusting to changing health conditions and COVID-19 pandemic-related guidance as it provides more in-person service after the re-entry to its field offices.

Why This is a Challenge

In response to the COVID-19 pandemic, SSA changed the way it served its customers and evolved its service methods as related guidance on the response to the pandemic changed. SSA has reopened its field offices to walk-in, in-person service, which requires that SSA shift staff who had been teleworking back to the offices to provide increased in-person service. SSA must effectively manage its shift to more in-person service, ensuring it continues meeting changing pandemic-related guidance and ensuring the safety of its staff and customers.

Changing Operations

From mid-March 2020 to April 6, 2022, SSA limited its in-person field office service to appointments for certain critical-need situations and served most of its customers through its online and telephone services. Our audit work found that SSA had challenges during this period. We concluded SSA could not accurately account for all employees and the public who entered its offices during the period of limited in-person service and some managers expressed concerns about their increased work in the office and their ability to perform that work in addition to their normal managerial duties. Some office managers believed SSA leadership prioritized the health and safety of bargaining employees over management/non-bargaining-unit employees.

With the increased use of electronic services, SSA primarily relied on its customers to submit supporting paperwork by mail. In July 2021, we issued an interim report to alert SSA of the exponential increases in the amounts of incoming and outgoing mail to field offices and our concerns with the oversight and internal controls over mail processing. We determined SSA had no performance metrics or management information on the volume of incoming, outgoing, or pending mail. Consequently, the Agency did not have sufficient information to enable it to adjust staffing levels to ensure mail was processed timely. SSA also lacked comprehensive policies and procedures to track and return original documents—including driver's licenses, birth certificates, passports, and naturalization documents—that customers provide as proof of eligibility for benefits or an SSN card.

Each year, SSA receives and processes millions of benefit claims and requests for post-entitlement and post-eligibility reviews. These workloads, which are addressed by SSA's nation-wide network of field offices, teleservice centers, and processing centers, were significantly affected by the pandemic. In April 2021, SSA's Commissioner reported that bottlenecks and service deterioration occurred because of the abrupt changes in SSA's operations. Other audit work concluded that SSA received and processed fewer OASDI and SSI claims during the COVID-19 period of April 2020 to March 2021 compared to the prior-year period (April 2019 to March 2020). While SSA received fewer of these claims, the pending levels for these workloads increased.

Field Office Re-entry

On April 7, 2022, SSA resumed walk-in, in-person services in its field offices. To handle this, SSA reduced the amount of telework provided to staff, most of whom had moved to full telework in March 2020 in response to the pandemic. SSA continued allowing employees to telework 2 days a week to ensure a sufficient capacity in offices. At the same time, SSA saw an increase in the number of employees who requested reasonable accommodations to delay their re-entry to the field offices.

Because of health and safety protocols related to COVID-19, such as limited lobby space to maintain social distancing and prescribed office capacity, SSA offices may not have been able to accommodate all customers in its office lobbies. The media reported long customer wait times and lines outside of some SSA office buildings where customers were exposed to harsh weather conditions, such as extreme heat. The media further reported that SSA advised people to make appointments for field office visits over the telephone or online, but some customers claimed their attempts to contact SSA to make an appointment were unsuccessful.

Progress the Social Security Administration Has Made

Changing Operations

In response to concerns about its mail processing, SSA released an action plan in August 2021 and a *Business Process Document* for handling mail in September 2021. SSA's plan: (1) outlined timeliness metrics for processing mail received and returning primary evidence documents; (2) required that offices account for all mail and track certain major workloads; and (3) required that regional offices monitor the status of mail handling in their region and implement remediation plans for offices not meeting the metrics.

To address declining claim submissions, in March 2022, SSA implemented a new electronic option that enables individuals and third parties to express their intent to file for SSI and other benefits. This tool protects the earliest date SSA may use to pay benefits if applicants are eligible for SSI or Social Security benefits. Additionally, SSA is working to streamline its SSI application so it can be accessible online.

To address the decline in SSI claim receipts during the pandemic, SSA established a new priority goal to improve equity in its SSI program through increased outreach and improved benefit delivery. To that end, SSA used targeted outreach and media campaigns to raise awareness about its benefit programs to eligible groups, including homeless individuals, seniors, children, and adults with disabilities.

Field Office Re-entry

In August 2022, the Chairman and Ranking Member of the House Committee on Ways and Means requested a response from SSA on the long lines outside the Agency's field offices and how the Agency was responding to long customer wait times and exposure to the weather. SSA responded that, for those offices with visitors who needed to wait outside, it provided access to its bathrooms and water fountains and, when possible, added outdoor canopies and fans. SSA further noted it reconfigured its waiting areas to allow more people to enter its air-conditioned offices. SSA also expanded the use of mobile check-in for customers with appointments and notified them on their mobile telephones when it was ready to serve them, allowing the customers to wait in their vehicles or nearby facilities.

SSA updates its *Workplace Safety Plan* to incorporate the latest guidance from the Centers for Disease Control and Prevention and the Occupational Safety and Health Administration on protecting workers. For example, in September 2022, SSA updated the Plan to note that members of the public seeking service or benefits who are fully vaccinated will not be required to social distance while awaiting service, and those not fully vaccinated will be advised to distance from others while waiting. However, the Plan further noted that SSA will not ask individuals seeking a public service or benefit about their vaccination status.

SSA's Website provides information to the public on what it can expect when it visits a field office. Per the Website, everyone must wear a face mask, and the public may be asked to wait outside because space in the offices may be limited. The Website further advises that individuals who do not have an appointment should expect long lines, especially during the busiest times, such as Mondays and the first week of the month.

What the Social Security Administration Needs to Do

- Keep the public and its employees aware of the status of the *COVID-19 Workplace Safety Plan 2.2* and how it plans to provide customer service safely during the re-entry process.
- Continue addressing the decline in OASDI and SSI claims.
- Pursue automation and other options to improve mail intake and processing.

- Expand capabilities for employees and the public to securely correspond electronically.
- Update the policies and business processes needed to ensure the security of, and reduce reliance on, original documents customers mail to SSA as proof of eligibility for benefits or an SSN card.
- Continue to address the long wait times for customers waiting outside of SSA offices due to health and safety protocols for COVID-19, including addressing customers' reported inability to successfully schedule appointments over the telephone or online.

Key Related Links

- SSA, OIG Website – Reports related to the COVID-19 pandemic
- SSA Website – Coronavirus (COVID-19) Updates
- SSA Website – COVID-19 Workplace Safety Plan 2.2

OTHER REPORTING REQUIREMENTS

PAYMENT INTEGRITY

OVERVIEW

We are committed to ensuring we issue accurate payments to eligible individuals at the right time. We take seriously our responsibilities to ensure eligible individuals receive the benefits to which they are entitled, and to safeguard the integrity of benefit programs to better serve recipients. Our internal quality reviews, which are validated by a third-party auditor, indicate that our fiscal year (FY) 2021 Old-Age, Survivors, and Disability Insurance (OASDI) benefit payments were 99.83 percent free of overpayment, and 99.95 percent were free of underpayment. For the same year, 92.83 percent of all Supplemental Security Income (SSI) payments were free of overpayment, and 98.45 percent were free of underpayment. FY 2022 data is not yet available.

While our payment accuracy rates, including both overpayments and underpayments, are high, even small error rates add up to substantial improper payment amounts given the magnitude of the benefits we pay each year. For instance, in FY 2021, we issued over $1 trillion in benefit payments. Our combined overpayments (OP) and underpayments (UP) for OASDI totaled approximately $2.49 billion. The combined overpayments and underpayments for SSI totaled approximately $4.91 billion. With each tenth of a percentage point in payment accuracy representing about $1.128 billion in OASDI and $56.2 million in SSI program outlays, we are focused on combatting the leading causes of improper payments and improving program integrity to protect taxpayer dollars.

As good stewards, we continue to look for ways to do business better by addressing the root causes of improper payments and improving payment accuracy. We are committed to continually improving the administration of our programs and working to identify and address potential inequities.

BACKGROUND

Our program integrity workloads are critical to ensuring efficient programs and accurate payments in our Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), SSI, and Administrative Payments programs. As good stewards of our resources and taxpayer funds, these workloads help ensure eligible individuals receive the benefits to which they are entitled and safeguard the integrity of benefit programs to better serve recipients by confirming eligibility and preventing fraud. We remain focused on the integrity of our programs, including minimizing improper payments (IP). "Ensure Stewardship of SSA Programs" is a Strategic Goal in our *Agency Strategic Plan for Fiscal Years* (FY) *2022–2026*. Each year, we report IP findings, both OPs and UPs, from our stewardship reviews of the nonmedical aspects of the OASDI and SSI programs. Regarding the medical aspects of our disability programs, we conduct continuing disability reviews (CDR) to determine whether disability beneficiaries continue to meet the programs' medical criteria. Terminating disability benefits after a CDR does not necessarily mean that the original determination was incorrect; it means the beneficiary's medical condition has improved and the beneficiary no longer meets our definition of disability. Therefore, we consider the benefits received before improvement to be proper.

On March 2, 2020, S. 375, the *Payment Integrity Information Act of 2019* (PIIA) was signed into law. This law changed government-wide IP reporting requirements by repealing and replacing the *Improper Payments Information Act of 2002*, the *Improper Payments Elimination and Recovery Act of 2010*, the *Improper Payments Elimination and Recovery Improvement Act of 2012*, and the *Fraud Reduction and Data Analytics Act of 2015*. On March 5, 2021, the Office of Management and Budget (OMB) published a revised version of OMB Circular No. A-123, Appendix

C, *Requirements for Payment Integrity Improvement*, to implement the provisions of PIIA. The goal of the revised version of OMB Circular A-123, Appendix C is to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements to allow agencies to spend less time complying with low-value activities and more time researching the underlying causes of IPs, balancing payment integrity risks and controls, and building the capacity to help prevent future IPs.

In accordance with OMB guidelines, we report as improper those payments that resulted from:

- Our mistake in computing the payment;
- Our failure to obtain or act on available information affecting the payment;
- A beneficiary's failure to report an event; or
- A beneficiary's incorrect report.

Effective FY 2021, all programs with annual outlays over $10,000,000 will fall into one of two possible classifications: Phase 1 or Phase 2.

Programs that are not likely to have an annual amount of IPs plus annual unknown payments above the statutory threshold (which is either (a) both 1.5 percent of program outlays and $10,000,000 of all program payments made during the fiscal year, or (b) $100,000,000) are referred to as being in Phase 1. Per this definition, our Administrative Payments program is considered to be in Phase 1 for OMB reporting purposes. If a program in Phase 1 determines that it is likely to annually make IPs plus unknown payments above the statutory threshold then the program will move into Phase 2 the following year. Once in Phase 2 a program will have additional requirements such as reporting an annual IP and unknown payment estimate. Our OASDI and SSI programs are considered to be in Phase 2 for OMB reporting purposes. Information about the IPs, root causes, and corrective actions in our programs can be found on PaymentAccuracy.gov.

In addition, a Phase 2 program that reports IPs resulting in monetary loss in excess of $100,000,000 annually is considered a High-Priority program. Our OASDI and SSI programs meet the definition of High-Priority programs. This report provides a summary of our payment integrity activities and results for our High-Priority programs. There were no changes in payment integrity methodology for the reporting period. The information presented in this report complies with the guidance provided in OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, and OMB Circular No. A-136, *Financial Reporting Requirements*.

OASDI Improper Payments

OASDI Improper Payment Experience

Based on our stewardship reviews, we estimate that we paid approximately $1.1 trillion to OASDI beneficiaries in FY 2021. Of that total, we estimate $2.0 billion were OPs, representing approximately 0.17 percent of outlays. We estimate that UPs during this same period were $0.5 billion, the equivalent of approximately 0.05 percent of outlays. The following table shows our estimated IPs in the OASDI program broken out by OMB's IP cause categories.

OASDI Improper Payments FY 2021 (Dollars in Millions)

	Dollars	Percent of Outlays
Outlays	$1,127,518.99	
Proper Payments	$1,125,028.01	99.78%
Improper Payments	$2,490.98	0.22%
Overpayments	$1,972.26	0.17%
Within agency control	$1,523.29	0.14%
Data does not exist	$0.00	0.00%
Inability to access data	$0.00	0.00%
Failure to access data	$1,523.29	0.14%
Outside agency control	$448.97	0.04%
Data does not exist	$0.00	0.00%
Inability to access data	$448.97	0.04%
Failure to access data	$0.00	0.00%
Non-Monetary Loss	$518.72	0.05%
Underpayments	$518.72	0.05%
Data does not exist	$0.00	0.00%
Inability to access data	$49.40	0.00%
Failure to access data	$469.34	0.04%
Technically Improper Payment	$0.00	0.00%
Unknown Payments	$0.00	0.00%
Improper Payments + Unknown Payments	$2,490.98	0.22%

Notes:

1. Outlay and IP amounts are for FY 2021. They represent estimated amounts from the annual stewardship reviews and may vary from actual amounts. FY 2022 data will be available in the summer of FY 2023.
2. There may be slight variances in the dollar amounts and percentages reported on PaymentAccuracy.gov due to rounding of source data. We derive percentages from unrounded source data.
3. Totals may not equal the sum of amounts due to rounding.
4. OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement,* defines IP cause categories.

OASDI Improper Payment Causes and Corrective Actions

Our stewardship review findings over the last five years show that the major causes of OPs in the OASDI program are beneficiaries' employment activity, referred to as substantial gainful activity (SGA), and errors in computations. The major cause of UPs is errors in computations. Below, we discuss corrective actions for these major causes. Additional information about the IPs, root causes, and corrective actions in the OASDI program can be found on PaymentAccuracy.gov.

Substantial Gainful Activity

Description:

SGA is continuously the leading cause of OPs in the OASDI program. When disability beneficiaries work, several factors determine whether they can continue to receive monthly benefits. Beneficiaries' failure to report earnings in a timely manner accounts for 83 percent of SGA-related IPs and our failure to take the proper actions to process work reports accounts for the remainder.

Payment errors based on SGA correspond to the following OMB IP cause categories in the OASDI Improper Payments table: Overpayments/Within agency control/Failure to access data; and Overpayments/Outside agency control/Inability to access data.

Total projected OP deficiency dollars for FY 2017 through FY 2021: $4.5 billion

Annual average: $0.9 billion

Corrective Actions:

We take seriously our responsibilities to ensure the right payments are made to individuals, and we are exploring administrative actions that will make it easier to report wages, as well as ways we can obtain real time wage data to reduce IPs. We are taking the following actions to address IPs related to SGA:

- **Payroll Information Exchange (PIE)**:

  Beneficiaries' failure to report work currently accounts for 83 percent of IPs related to SGA. To reduce the reliance on self-reporting of wages, we are developing new wage reporting tools, such as an information exchange with commercial payroll providers. We implemented the first phase of the *Bipartisan Budget Act of 2015* section 824, now referred to as PIE. In September 2017, we began collecting and storing authorizations from SSI and DI applicants and beneficiaries to obtain wages via the information exchange. In September 2019, we awarded a contract to Equifax. In September 2020, we built the data exchange and the Wage and Employment Information repository to house wages received via PIE from payroll data providers and myWageReport (myWR). In March 2021, we developed the capacity to implement SSI and some DI automation measures that will allow the wages received via PIE to post to the SSI and DI records. In FY 2022, we refined the business process to automate wage data obtained from Equifax and are working on updating our regulations. We are conducting planning and analysis to develop automated employer participation notices and a Limited Issue reminder to address incoming wage and employment information that does not automatically post to the records, which are scheduled for implementation in FY 2023.

- **CDR Product**:

  The Field Office Disability Modernization project, which includes the CDR Product (which replaces the eWork legacy system), will modernize and streamline the work CDR process to increase efficiencies and reduce IPs. A work CDR is a review of the eligibility requirements regarding whether a disabled beneficiary is engaging in SGA. The multifaceted product is comprised of four separate workstreams, across several component business and systems sponsors. We implemented the consolidated wage page, which displays wages and other claimant data from multiple agency sources. Field office technicians can review relevant wage data sources in one location to perform their work on CDR analysis.

- **myWR**:

  Section 826 of the *Bipartisan Budget Act of 2015* required the Commissioner to establish and implement a system permitting DI beneficiaries to report their earnings electronically. In September 2017, we released the myWR online application, which allows DI beneficiaries and representative payees to report wages to us and provides a receipt for the report that the reporter can view, print, and save. DI self-reporters and their representative payees can report wages that occurred within a two-year timeframe from the reporting date. In June 2018, we added functionality to myWR that allows SSI and concurrent (SSI and DI) wage reporting. In FY 2020, we developed a training video for the public including information about the importance of creating a *my* Social Security account, how to submit wages using myWR, who can report, and reminders on reporting responsibilities. We shared the video with the public via digital and social media outlets (e.g., YouTube) to promote the use of telephone wage reporting, mobile wage reporting, and myWR. In November 2020, we added the video link to monthly email reminders to participants in myWR. We promote further use of myWR on social media. In FY 2022, we added the training video to our Instagram, Twitter, and Facebook social media accounts, and on Social Security TV in field office reception areas. We are working on a new wage reporting video to promote the three reporting options, myWR through the *my* Social Security portal, SSA Mobile Wage Reporting, and SSI Telephone Wage Reporting, on our social media outlets. The new video will be available in the first quarter of FY 2023.

- **WorkSmart**:

  WorkSmart is a tool that identifies DI beneficiaries whose earnings put them at risk of being overpaid. We created the Work Smart project to reduce and prevent IPs and complete work CDRs more efficiently by identifying earnings earlier, identifying cases that have earnings above SGA and are still receiving benefits, and prioritizing cases that are most likely to end in an SGA cessation.

COMPUTATIONS

Description:

Errors in computations are a major cause of OASDI OPs and UPs. We determine a person's benefit amount based on several factors, including age, earnings history, and the type of benefit awarded. Inaccurate information and administrative mistakes can cause errors in calculating benefits.

Payment errors based on computations correspond to the following OMB IP cause categories in the OASDI Improper Payments table: Overpayments/Within agency control/Failure to access data; Overpayments/Outside agency control/Inability to access data; Underpayments/Inability to access data; and Underpayments/Failure to access data.

Total projected OP and UP deficiency dollars for FY 2017 through FY 2021: $3.3 billion

Annual average: $0.7 billion

Corrective Actions:

We are taking the following actions to address IPs related to Computations:

- **Automation**:

  In FY 2021, we rolled out UIPath, which is a new software for creating automated "robotic" programs that will perform routine or repetitive tasks. Robotic Processing Automation (RPA), or "BOTs," are available to Processing Center technicians to assist with processing manual awards or post entitlement actions. Since January 2021, five BOTs were placed into production. Use of the BOTs reduces keystrokes and manual coding, and detects exceptions and alerts before they occur. In FY 2023, we plan to enhance the existing RPA scripts and begin development and implementation of a series of BOTs that will automate computations and input of complex and error prone windfall offset payments.

- **Evaluation**:

  The Windfall Elimination Provision (WEP) applies when the wage earner receives Social Security retirement or disability benefits, and also is entitled to a pension based on non-covered work. Non-covered pensions are paid by employers that do not withhold Social Security taxes and may be based on earnings from employment in the United States or another country.

  The Government Pension Offset (GPO) provision adjusts Social Security spouses or widow(er)'s benefits for those who receive a non-covered pension from a Federal, State, or local government in the United States. When GPO applies, the Social Security monthly benefit amount is reduced by two-thirds of the amount of the non-covered government pension.

  We developed a comprehensive corrective action plan to address multiple underlying causes of WEP and GPO IPs. In August 2020, we released a systems enhancement that removed a WEP exclusion from the Modernized Claims System to prevent its misapplication. In FY 2022, we monitored the progress of the completed corrective actions. We developed a logic model framework to measure the effectiveness of completed corrective action that includes establishing benchmarks to evaluate the corrective actions, assessing the impact, if possible, and determining whether additional mitigation activities are necessary.

SSI Improper Payments

SSI Improper Payment Experience

Based on our stewardship reviews, we estimate that we paid approximately $56.3 billion to SSI recipients in FY 2021. Of that total, we estimate $4.0 billion were OPs, representing approximately 7.17 percent of outlays. We estimate that UPs during this same period were $0.9 billion, the equivalent of approximately 1.55 percent of outlays. The following table shows our estimated IPs in the SSI program broken out by OMB's IP cause categories.

SSI Improper Payments
FY 2021[1]
(Dollars in Millions)

	Dollars	Percent of Outlays
Outlays	$56,271.12	
Proper Payments	$51,365.11	91.28%
Improper Payments	$4,906.01	8.72%
Overpayments	$4,032.52	7.17%
Within agency control	$265.01	0.47%
Data does not exist	$0.00	0.00%
Inability to access data	$0.00	0.00%
Failure to access data	$265.01	0.47%
Outside agency control	$3,767.51	6.70%
Data does not exist	$465.05	0.83%
Inability to access data	$3,302.45	5.87%
Failure to access data	$0.00	0.00%
Non-Monetary Loss	$873.49	1.55%
Underpayments	$873.49	1.55%
Data does not exist	$398.94	0.71%
Inability to access data	$299.39	0.53%
Failure to access data	$175.17	0.31%
Technically Improper Payment	$0.00	0.00%
Unknown Payments	$0.00	0.00%
Improper Payments + Unknown Payments	$4,906.01	8.72%

Notes:

1. Outlay and IP amounts are for FY 2021. They represent estimated amounts from the annual stewardship reviews and may vary from actual amounts. FY 2022 data will be available in the summer of FY 2023.
2. There may be slight variances in the dollar amounts and percentages reported on PaymentAccuracy.gov due to rounding of source data. We derive percentages from unrounded source data.
3. Totals may not equal the sum of amounts due to rounding.
4. OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, defines IP cause categories.

SSI Improper Payment Causes and Corrective Actions

Our stewardship review findings over the last five years show that the major causes of OPs in the SSI program are changes in financial accounts, wages, and in-kind support and maintenance (ISM), whether because of beneficiaries' failure to report or our failure to update benefits in a timely manner. The major cause of UPs is changes to ISM due to beneficiaries' failure to report or our failure to update benefits in a timely manner. Below, we discuss corrective actions for these major causes. Additional information about the IPs, root causes, and corrective actions in the SSI program can be found on PaymentAccuracy.gov.

Financial Accounts

Description:

The leading cause of SSI OPs is financial accounts with countable resources in excess of the allowable resource limits. When an applicant, recipient, or deemor has financial accounts with values exceeding the allowable resource limits, these accounts may result in periods of SSI ineligibility.

We use the Access to Financial Institutions (AFI) tool to verify financial accounts. For institutions that do not participate in AFI, we request bank information from the individual. AFI effectively detects unknown (unreported) accounts and identifies excess amounts in known accounts. However, because it works retroactively by providing current and past monthly balances, it is more of a detection tool than an IP prevention tool.

Payment errors based on financial accounts correspond to the following OMB IP cause categories in the SSI Improper Payments table: Overpayments/Within agency control/Failure to access data; and Overpayments/Outside agency control/Inability to access data.

Total projected OP deficiency dollars for FY 2017 through FY 2021: $7.1 billion

Annual average: $1.4 billion

Corrective Actions:

We are taking the following actions to address IPs related to Financial Accounts:

- **Non-medical Redeterminations (RZ)/Limited Issues (LI)**:

  Conducting non-medical SSI RZs ensures recipients receive the correct benefit amounts. An RZ is a complete review of a recipient's or couple's non-medical eligibility factors (resources, income, and living arrangements) to determine whether the recipient or couple has remained eligible since the time of the previous decision, is still eligible for SSI, and has been receiving and will continue to receive the correct SSI payment amount. To ensure the most cost-effective investment of agency resources, we use an automated method to identify cases for RZ most likely to incur OPs. In FY 2022, we completed more than 2,200,000 SSI non-medical RZs and LIs. An LI is a review of a specific issue or event related to a recipient's or couple's non-medical eligibility factors to determine whether the recipient or couple is still eligible for and receiving the correct SSI payment.

- **Systems Enhancements**:

  We are investing in information technology (IT) modernization to provide our employees with user-friendly systems and tools to better service the public.

  A few times a year, we issue SSI payments prior to the first of the month for which they are due. This occurs whenever the first of the month falls on a non-Federal workday (e.g., Saturday, Sunday, or Federal holiday). Early deposited benefits (EDB) can adversely affect SSI eligibility if we do not properly exclude the early deposit from the first of the month balance. In October 2020, we implemented two EDB-related enhancements to the SSI Claims System. The first enhancement alerts field office technicians that EDB may need to be excluded, and the second enhancement provides a link to the SSI Claims Financial Institutions page.

We must provide a single unified process for benefits applications to assist our frontline employees in better serving the public. The Consolidated Claims Experience (CCE) will be a single-entry point for employees to process all agency benefits. CCE includes eligibility screening, initial claims intake processing, and post-entitlement activities. CCE will automate computations, reduce manual actions, assist in the identification of potential or missed entitlements, and include dynamic pathing and policy references within the application. In FY 2022, there were two CCE releases in the SSI program to include dynamic path, add policy references, and minimize some manual actions. Currently, only SSI is available in CCE with additional claim types (i.e., OASDI and Title 18) to be added in future releases.

- **Policy/Training Efforts**:

  We will pursue workflow adjustments, policy and notice changes, training and reminders for technicians, and automation solutions to improve accuracy. In FY 2022, we clarified policy regarding documentation of direct deposit accounts to ensure that technicians record direct deposit accounts reflected on agency records in the SSI Claims System.

WAGES

Description:

For more than a decade, wage discrepancies have been one of the leading causes of SSI OPs and UPs. Wage discrepancies occur when the recipient or his or her deemor has actual wages that differ from the wage amount we used to calculate the SSI payment, either because the beneficiary failed to report a change, or we failed to make changes to benefits in a timely manner.

Payment errors based on wages correspond to the following OMB IP cause categories in the SSI Improper Payments table: Overpayments/Within agency control/Failure to access data; Overpayments/Outside agency control/Inability to access data; Underpayments/Inability to access data; and Underpayments/Failure to access data.

Total projected OP and UP deficiency dollars for FY 2017 through FY 2021: $6.2 billion

Annual average: $1.2 billion

Corrective Actions:

We are taking the following actions to address IPs related to wages:

- **PIE**:

  Please see our discussion of PIE under Corrective Actions for Substantial Gainful Activity in the OASDI Improper Payment Causes and Corrective Actions section.

- **myWR**:

  Please see our discussion of myWR under Corrective Actions for Substantial Gainful Activity in the OASDI Improper Payment Causes and Corrective Actions section.

- **Non-medical RZs/LIs**:

  Please see our discussion of non-medical RZs/LIs under Corrective Actions for Financial Accounts in the SSI Improper Payment Causes and Corrective Actions section.

In-Kind Support and Maintenance

Description:

Over the past 5 years, ISM has been the third leading cause of OPs and the leading cause of UPs. When processing initial claims and post-entitlement reviews, we ask questions to help us determine if recipients are paying their share of household expenses. If recipients are not paying their *pro rata* share, we generally count the difference between the *pro rata* share amount and the actual contribution as income to the recipient in the form of ISM. ISM can be in the form of food, shelter, or both from family, friends, or other third-party sources. SSI recipients and their representative payees are required to notify the agency when a change occurs in household expenses, contributions, or composition. Failure to report or delays in reporting household changes are the primary causes of OP and UP related to ISM. Unlike financial accounts and wages, the agency has no alternative way to obtain information on changes that affect ISM. We rely on reports from recipients and representative payees, who must report ISM changes (e.g., living arrangements) by phone, mail, or in person within ten days after the end of the month when the event happened.

Payment errors based on ISM correspond to the following OMB IP cause categories in the SSI Improper Payments table: Overpayments/Within agency control/Failure to access data; Overpayments/Outside agency control/Data does not exist; Underpayments/Data does not exist; Underpayments/Inability to access data; and Underpayments/Failure to access data.

Total projected OP and UP deficiency dollars for FY 2017 through FY 2021: $2.8 billion

Annual average: $0.6 billion

Corrective Actions:

We are taking the following actions to address IPs related to ISM:

- **Policy Clarifications**:

  We review ISM-related operating instructions and related statutes and regulations to simplify our processes. Based on our reviews, we issue periodic reminders and policy clarifications, as needed.

- **Sub Regulatory Change**:

  When living in the household of another, SSI claimants may be charged ISM unless they are paying their share of expenses. Our policy includes a tolerance that prevents us from assessing ISM if a claimant is within a specific dollar amount of meeting their *pro rata* share. In October 2021, we increased the $5 tolerance, set in the 1970s, to $20.

- **Regulatory Change**:

  The processes and policies as well as statutory and regulatory requirements to administer ISM are complicated and pose challenges in the administration of our programs. We previously revised our rules to stop counting the value of clothing given to SSI recipients as ISM. We are currently developing a regulation that will stop counting the value of food given to SSI recipients as ISM. We will continue to identify additional regulatory changes that would reduce IPs related to ISM.

ENTITLEMENT REVIEWS AND OFFICE OF THE INSPECTOR GENERAL ANTI-FRAUD ACTIVITIES

We are committed to improving financial management by preventing fraudulent and IPs (see the Payment Integrity section for more information). Section 206 (g) of the *Social Security Independence and Program Improvements Act*, Public Law 103-296, requires us to report annually on the extent to which we reviewed cases of entitlement to monthly OASI and DI benefits (referred to as OASDI when discussing them in combination) and SSI payments; and the extent to which the cases we reviewed were those that involved a high likelihood or probability of fraud.

ENTITLEMENT REVIEWS

Entitlement reviews help ensure that continued monthly payments are correct. We select cases and undertake reviews, both prior to and after effectuation of payment, to ensure that development procedures and benefit awards are correct.

Due to the Coronavirus Disease 2019 (COVID-19) pandemic, we discontinued all quality assurance samples for the third quarter of FY 2020. For CDRs, we discontinued the sample for the third and fourth quarters of FY 2020. As a result, the initial and reconsideration data include only cases reviewed during the first, second, and fourth quarters of FY 2020. The FY 2020 CDR data include only reviews completed during the first and second quarters of FY 2020. We resumed regular CDR sampling in the first quarter of FY 2021.

We conduct the following major entitlement reviews:

DISABILITY QUALITY ASSURANCE REVIEWS

We perform quality assurance reviews of random samples of disability determination services (DDS) determinations to measure our level of accuracy against standards mandated by the regulations. We review initial claims, requests for reconsideration, and determinations of continuing eligibility prior to the effectuation of the DDS determinations. The following table shows the quality assurance accuracy rates for FY 2018 through FY 2022.

QUALITY ASSURANCE REVIEWS

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	96.87%	96.62%	96.62%	97.23%	97.35%
Number of cases reviewed	40,251	40,295	29,588	34,915	32,286
Number of cases returned to the DDS offices due to error or inadequate documentation	1,259	1,360	1,001	967	857

DI Pre-Effectuation Reviews

We also perform pre-effectuation reviews of favorable DI and concurrent DI/SSI initial and reconsideration determinations using a risk profiling system to select cases for review. This profiling system helps ensure the cost-effectiveness of pre-effectuation reviews, and it satisfies the legislative requirement that the cases we review are those that are most likely to be incorrect. We also review a sufficient number of CDR continuance determinations to ensure a high level of accuracy in those cases. The following table shows the DI pre-effectuation accuracy rates for FY 2018 through FY 2022.

DI Pre-Effectuation Reviews

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	95.03%	94.65%	95.23%	95.26%	95.46%
Number of cases reviewed	252,245	238,616	268,569	266,474	255,200
Number of cases returned to the DDS offices due to error or inadequate documentation	12,538	12,761	12,810	12,641	11,585

SSI Pre-Effectuation Reviews

Following legislation enacted in February 2006, we began pre-effectuation reviews of favorable SSI initial and reconsideration adult determinations. As in DI cases, we use a profiling system to select cases for review. The following table shows the SSI pre-effectuation accuracy rates for FY 2018 through FY 2022.

SSI Pre-Effectuation Reviews

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Percent of State DDS decisions to allow not returned to the DDS offices for correction	96.52%	96.27%	96.07%	96.47%	96.65%
Number of cases reviewed	81,333	86,779	94,105	105,729	98,540
Number of cases returned to the DDS offices due to error or inadequate documentation	2,834	3,239	3,696	3,734	3,297

Continuing Disability Reviews

Periodic CDRs are a key activity in ensuring the integrity of the disability program. Through CDRs, we determine whether beneficiaries continue to meet our medical standards for disability. We also conduct a quality review of those decisions. The following table shows the CDR accuracy rates for FY 2018 through FY 2022.

CDR Accuracy

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Overall accuracy	96.9%	96.5%	96.8%	96.7%	96.9%
Continuance accuracy	98.1%	97.7%	97.6%	97.9%	98.0%
Cessation accuracy	92.3%	92.3%	93.2%	92.0%	92.9%

OASDI and SSI Quality Assurance Reviews

Quality assurance reviews assess the accuracy of benefit payments. The following tables show the OASDI and SSI accuracy rates for FY 2018 through FY 2021. Data for FY 2022 are not available at this time. We will report the FY 2022 data in our FY 2023 *Agency Financial Report* (AFR).

OASDI Accuracy

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Overpayment accuracy	Data not yet available	99.83%	99.83%	99.80%	99.77%
Underpayment accuracy	Data not yet available	99.95%	99.94%	99.95%	99.95%

SSI Accuracy

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Overpayment accuracy	Data not yet available	92.83%	91.24%[1]	91.87%	91.77%
Underpayment accuracy	Data not yet available	98.45%	98.67%	98.72%	98.52%

Notes:

1. The FY 2021 AFR incorrectly stated the FY 2020 SSI overpayment accuracy rate was 91.25% due to a minor issue in the error tabulation. The rate has been corrected in this AFR.

SSI Redeterminations

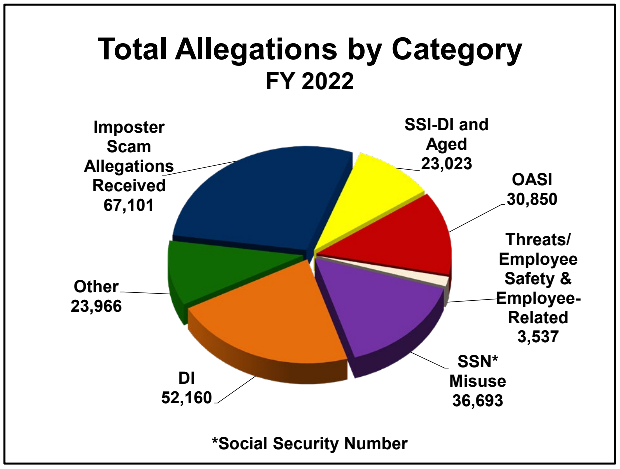
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient remains eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2018 through FY 2022.

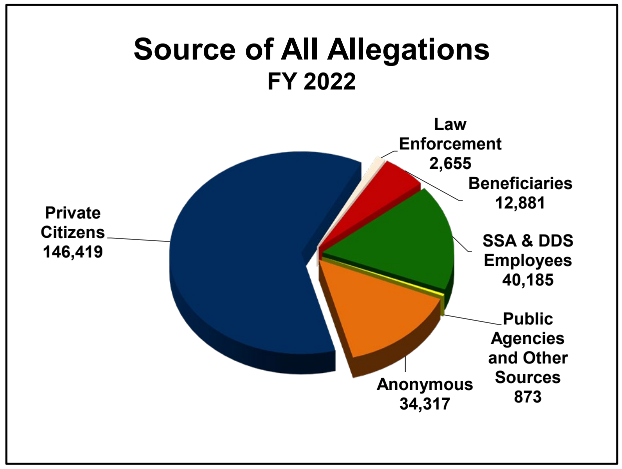
SSI Redeterminations (In Millions)

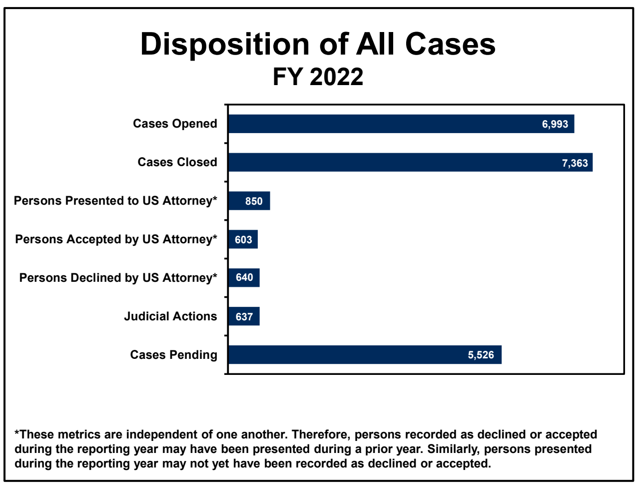
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Number of redeterminations completed	2.20	2.37	2.15	2.67	2.91

The Office of the Inspector General's Anti-Fraud Activities

In FY 2022, we worked with our Office of the Inspector General (OIG), the U.S. Department of Justice, and other Government agencies on cases involving fraud, waste, and abuse as part of our fraud detection and prevention program for safeguarding our assets. In FY 2021, due in part to a widespread imposter scam, OIG received a higher-than-normal volume of allegations. Relative to FY 2021, this fiscal year, we noted an almost 90 percent decrease in the number of imposter scam allegations. The following charts provide information from our OIG concerning fraud and other allegations and cases in FY 2022.







Civil Monetary Penalty Adjustment for Inflation

The *Social Security Act* authorizes the Commissioner to impose a civil monetary penalty (CMP) for certain specific violations. Section 1129 of the *Social Security Act* authorizes a CMP against anyone who makes any material false statements or representations to the agency or knowingly withholds a material fact from the agency, to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. A CMP may also be imposed against representative payees for the wrongful conversion of Social Security payments entrusted to their care.

Section 1140 of the *Social Security Act* authorizes a CMP to protect the public from advertisements, solicitations, and other communications (including Internet websites and scam telephone calls) that may convey the false impression that we approved, endorsed, or authorized the communication. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without our authorization and places restrictions on the charging for services that we provide to the public without charge. The Commissioner delegated authority to enforce our CMP program to the Inspector General.

The *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* expanded the categories of penalties that require adjustment for inflation to include CMPs under the *Social Security Act* and requires agencies to: (1) use an interim final rulemaking to adjust the level of CMPs in 2016 with an initial "catch-up" adjustment; (2) continue to make annual adjustments in future years; and (3) report on these adjustments annually. As required, we are providing information on our current CMPs; these amounts include the initial "catch-up" and annual adjustments. We will continue to make annual adjustments in future years and report on these adjustments annually.

Civil Monetary Penalty Adjustments

Statutory Authority	Penalty	Year Enacted	Last Year of Adjustment (via statute or regulation)	Current Penalty Date of Adjustment	Current Penalty Level	Sub-Agency/ Bureau/Unit	Location for Penalty Update Details
Section 206 (b), *Social Security Independence and Program Improvements Act of 1994*, P. L. 103-296, 108 Stat. 1509	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	1994	2022	01/15/2022	$0-$9,250	SSA/OIG	86 Federal Register 73839 (Dec. 2021)
Section 813 (c), *Bipartisan Budget Act of 2015*, P. L. 114-74, 129 Stat. 603	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	2015	2022	01/15/2022	$0-$8,723	SSA/OIG	86 Federal Register 73839 (Dec. 2021)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(1))	1988	2022	01/15/2022	$0-$11,506	SSA/OIG	86 Federal Register 73839 (Dec. 2021)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(2))	1988	2022	01/15/2022	$0-$57,527	SSA/OIG	86 Federal Register 73839 (Dec. 2021)

Biennial Review of User Fee Charges

Summary of Fees

In FY 2021 and FY 2022, we earned $312 million and $320 million in user fees, respectively. This revenue accounted for less than 1 percent of our total financing sources. We derive over 73 percent of user fee revenues from agreements with 20 States and the District of Columbia to administer some or all of the States' supplemental SSI benefits. During FY 2022, we charged a fee of $13.16 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $14.35 for FY 2023. We adjust the user fee annually based on the Consumer Price Index, unless the Commissioner of Social Security determines a different rate is appropriate for the States. We charge full cost for other reimbursable activity, such as earnings record requests from pension funds and individuals.

Biennial Review

The *Chief Financial Officers Act of 1990* requires biennial reviews by Federal agencies of agency fees and other charges imposed for services rendered to individuals as opposed to the American public in general. The objective of these reviews is to identify such activities, charge fees as permitted by law, and periodically adjust these fees to reflect current costs or market value. Based on our FY 2022 review, we identified updates to the uniform standard fee structure for non-programmatic workloads previously implemented in FY 2020. We are planning to perform another review of these fees during FY 2024.

Grants Programs

OMB Circular No. A-136, *Financial Reporting Requirements,* requires agencies to report on Federal grant and cooperative agreement awards that have not yet been closed out and for which the period of performance, including any extensions, elapsed for more than two years. As noted in the following table, we have one such grant or cooperative agreement to report.

The agency has six grant programs monitored by Grants Management Officers (GMO). Each GMO is responsible for monitoring a workload to ensure timely grant closeouts. Our grants have a five-year life-cycle and are sometimes extended at no additional cost. There may be years when little to no grants are available for closeout. Additionally, there are occasions when a GMO cannot immediately close a grant. That is the case with the grant listed below. The delay is the result of not having a final indirect rate agreement. In this instance, closeout could be delayed by one year. We have developed reports to adequately track closeout actions and have significantly reduced the number of open grants that are currently available for closeout from last year. We will continue to monitor this action and close the award as soon as it is eligible for closeout.

Grants and Cooperative Agreements Summary

Category	2-3 Years	3-5 Years	More than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	0	Not Applicable	Not Applicable
Number of Grants/Cooperative Agreements with Undisbursed Balances	1	Not Applicable	Not Applicable
Total Amount of Undisbursed Balances	$1,067,906	Not Applicable	Not Applicable

Climate-Related Financial Risk

We are committed to climate adaptation and resilience planning to reduce climate change risks and develop any new opportunities that climate change may bring, where we can. Our *Climate Action Plan* (CAP) reaffirms our vision to improve our capacity to assess and build resilience to climate change risks. We also developed the *FY 2022 CAP Progress Report*, which documents our progress on our planned efforts and initiatives to address climate change. Our CAPs, Sustainability Reports, and other climate and sustainability related reports are available on our Sustainability website.

Budget, Governance, Strategy, Risk Management, and Metrics

The Office of the Chief Financial Officer (OCFO) leads our efforts to strategically plan actions to mitigate climate vulnerabilities and lessen climate-related financial risks at the agency. OCFO works closely with our Chief Sustainability Officer and other offices primarily involved in executing our sustainability and climate action programs.

In our CAP, we identify 5 priority adaptation areas of climate change at our delegated facilities, located in 4 of the 10 climate regions identified in the *National Climate Assessment Report*. These priority adaptation areas prepare us for power disruptions, increased flooding in coastal and non-coastal locations, reduced water supply, and disruptions and damage to transportation infrastructure. We collaborate with the General Services Administration on climate-related risk decision making for field office relocations in the event that an office must move (e.g., in the event of a flood) and to assist in monitoring flood plain areas, which may affect our delegated facilities and field offices.

Our financial risk exposure related to climate change mainly concerns the impact of energy usage to cool and heat our delegated sites. We budget for energy use and use previous usage to adjust for the upcoming year for our delegated sites. Within each of the five priority areas mentioned above, we face funding challenges if these events take place and affect our operations. These funding challenges include the loss or replacement of facilities, fleet, and IT equipment, as well as health and safety costs to keep operations active during severe climate-related events.

Debt Collection and Management

Debt Collection

We have a robust debt collection program to recover all types of OPs, which helps ensure eligible individuals receive the benefits to which they are entitled, and it safeguards the integrity of benefit programs to better serve recipients. We use internal debt collection techniques (i.e., payment withholding and billing/follow-up), as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts.

In FY 2022, we recovered $4.275 billion using both our internal and external collection tools. Over the last 5 years (FY 2018 through FY 2022), we have collected a total of $20.162 billion. The following tables provide a description of each of our internal and external debt collection techniques for OASDI and SSI OPs, and a summary of the results.

Internal Collections

We utilize internal collection tools to recover payments of delinquent debt for individuals currently receiving payments. In FY 2022, we recovered $4.268 billion using our internal collection tools, which accounted for about 99.8 percent of our total collections amount. Over the last 5 years (FY 2018 through FY 2022), we have collected a total of $19.315 billion using our internal collection tools.

We offer individuals opportunities to ask us questions about their debts, request waivers in certain instances, and request alternative payment plans as needed. We have also been working on technological improvements to make it easier for recipients to repay debts.

The following table provides a description of each of our internal debt collection techniques for OASDI and SSI OPs, and a summary of the results.

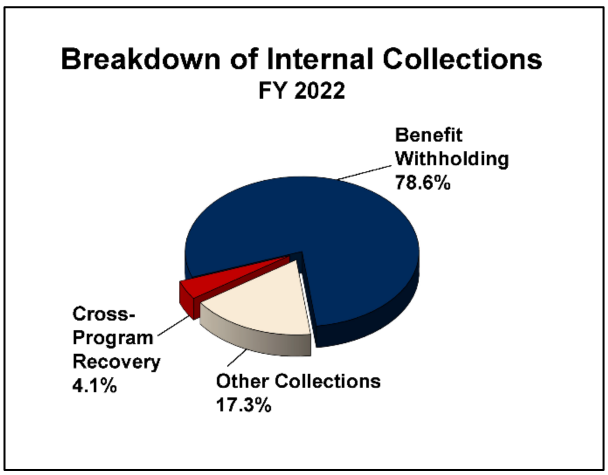
FY 2022 Internal Collections
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
Benefit Withholding	We withhold some or all benefit payments for OASI and DI beneficiaries and SSI recipients currently receiving payments. Benefit withholding typically accounts for the largest recovery of our total collections amount.	$2.428	$0.926	$3.354
Cross-Program Recovery (CPR)	CPR collects OASDI OPs from monthly SSI payments and UPs, and SSI OPs from monthly OASDI benefit payments and UPs.	$0.023	$0.150	$0.174
Other Collections	These are mostly voluntary payments received because of a notice requesting a refund of an overpayment.	$0.426	$0.314	$0.740
Total Internal Collections	The total amount recovered by utilizing our internal collection tools.	$2.877	$1.390	$4.268

Notes:

1. Totals do not necessarily equal the sum of rounded components.

The following chart highlights the allocation of OPs collected in FY 2022 through our various internal collection tools as a proportion of the total $4.268 billion internal collections amount.



EXTERNAL COLLECTIONS

We utilize external collection tools to recover payments of delinquent debt for beneficiaries and recipients no longer receiving payments. In FY 2022, we recovered $0.008 billion using our external collection tools, which accounted for less than 1 percent of our total collections amount. Over the last 5 years (FY 2018 through FY 2022), we have collected a total of $0.838 billion using our external collection tools.

Due to the COVID-19 pandemic, in March 2020, we requested and received approval to suspend using the Treasury Offset Program (TOP). This suspension continued through FY 2022 and resulted in fewer collections through our external recovery methods.

The following table provides a description of each of our external debt collection techniques for OASDI and SSI OPs, and a summary of the results.

FY 2022 EXTERNAL COLLECTIONS
(DOLLARS IN BILLIONS)

Recovery Method	Description	OASDI	SSI	Total
TOP	TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset.	$0.000	$0.000	$0.000
Administrative Wage Garnishment (AWG)	AWG allows us to recover delinquent OASDI and SSI OPs by ordering a debtor's employer to garnish up to 15 percent of the debtor's private-sector disposable pay (i.e., that part of a worker's total compensation after deduction of health insurance premiums and required deductions).	$0.006	$0.002	$0.008
Total External Collections	The total amount recovered by utilizing our external collection tools.	$0.006	$0.002	$0.008

Notes:

1. Totals do not necessarily equal the sum of rounded components.
2. We use credit bureau reporting, non-entitled debtors, and automatic netting SSI as external collection tools. Collections derived from these recovery methods are subsets of the main recovery methods displayed in the table above. However, we track these collections for informational and decision-making purposes.

DEBT MANAGEMENT

The following two tables provide information on our debt management activities. We calculated the data shown in the tables by using accounts receivable amounts taken directly from the financial statements. We provide notes on activity that affected the change in accounts receivable activity between FY 2021 and FY 2022. We provide definitions of certain line items immediately following the Debt Management Activities Program and Administrative Table. For more information on our effort to curb OPs, please refer to the Payment Integrity section.

A Title II system design limitation prevents us from capturing and tracking long-term withholding agreements for debts owed by the public scheduled for collection beyond the year 2049. The Government Accountability Office noted this information in the July 2011 audit report entitled, "*Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*." Current policy allows for repayment periods based on the ability of beneficiaries to repay on a periodic basis. This allows for the establishment of payment terms, which may exceed the expected life span of the beneficiary as we often withhold minimal amounts to avoid imposing undue hardships. We recognize that a portion of this debt owed by the public will prove uncollectible because some plans exceed beneficiaries' expected lifetimes. We estimate that approximately 62,500 debts owed by the public are affected by payment plans extending beyond December 31, 2049. We estimate the total gross value of the post year 2049 receivable amounts is approximately $751 million as of September 30, 2022. This amount is not material to the consolidated financial statements. The 2049 data limitation in our debt management systems will no longer exist as we update and implement the new Debt Management System.

The following tables do not include the amounts related to post year 2049 debt. Therefore, the Total New Receivables and Total Write-offs are understated. We are working to address the system limitation; however, the accounts receivable balance reported on the financial statements are presented fairly in all material respects.

FY 2022 QUARTERLY DEBT MANAGEMENT ACTIVITIES
PROGRAM AND ADMINISTRATIVE
(DOLLARS IN MILLIONS)

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Total receivables	$21,571	$21,974	$20,826	$20,650
New receivables	8,582	6,745	3,801	1,786
Total collections	(4,665)	(3,321)	(2,253)	(1,179)
Adjustments	56	105	79	45
Total write-offs	(3,286)	(2,439)	(1,685)	(886)
- Waivers	(278)	(206)	(138)	(71)
- Terminations	(3,008)	(2,233)	(1,547)	(815)
Aging schedule of debts:				
- Non delinquent debt	15,232	15,727	14,645	14,324
- Delinquent debt				
- 120 days or less	1,015	957	907	1,119
- 121 days to 10 years	4,159	4,153	4,165	4,126
- Over 10 years	1,165	1,137	1,109	1,081
- Total delinquent debt	$6,339	$6,247	$6,181	6,326

Debt Management Activities
Program and Administrative
(Dollars in Millions)

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total receivables	$21,571	$20,884	$24,398	$25,834	$24,484
New receivables[1]	8,582	9,061	6,332	7,899	7,943
Total collections	(4,665)	(4,517)	(4,100)	(4,215)	(3,992)
Adjustments	56	(617)	(1,129)	(1,431)	(1,333)
Total write-offs[2]	(3,286)	(7,441)	(2,539)	(903)	(778)
- Waivers	(278)	(281)	(260)	(390)	(329)
- Terminations	(3,008)	(7,160)	(2,279)	(513)	(449)
Non delinquent debt	15,232	14,833	14,263	14,445	14,272
Total delinquent debt	$6,339	$6,051	$10,135	$11,389	$10,212
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	70.6%	71.0%	58.5%	55.9%	58.3%
- Delinquent	29.4%	29.0%	41.5%	44.1%	41.7%
% of debt estimated to be uncollectible[3]	57.3%	56.3%	59.2%	45.7%	43.5%
% of debt collected	21.6%	21.6%	16.8%	16.3%	16.3%
% change in collections from prior fiscal year	3.3%	10.2%	-2.7%	5.6%	2.7%
% change in delinquencies from prior fiscal year	4.8%	-40.3%	-11.0%	11.5%	13.3%
Clearances as a % of total receivables	36.9%	57.3%	27.2%	19.8%	19.5%
- Collections as a % of clearances	58.7%	37.8%	61.8%	82.4%	83.7%
- Write-offs as a % of clearances	41.3%	62.2%	38.2%	17.6%	16.3%
Other Analysis					
Cost to collect $1	$0.06	$0.07	$0.06	$0.06	$0.07
Average number of months to clear receivables[4]:					
- OASI	12	13	16	16	16
- DI	30	27	68	45	45
- SSI	45	48	66	49	43

Notes:

1. Total Write-offs/Terminations – Starting in FY 2020, we re-evaluated our program debt portfolio, specifically delinquent and uncollectible debt. We found that we were pursuing debt that was largely uncollectible, thereby inefficiently using our processing centers' limited resources. As a result, we wrote off a portion of our OASI and DI debt during FY 2020 and FY 2021 and wrote off a portion of our SSI program debt in FY 2021. In FY 2021, we developed an automated process to evaluate debt for potential write-offs, which contributed to the write-off values in FY 2021 and FY 2022. The difference between FY 2021 and FY 2020 is primarily the targeted OASI, DI, and SSI write-offs in FY 2021, as both years have incurred write-offs as part of the automated process. By terminating collection activity on uncollectible debt, we are better reflecting current receivables on our financial statements as well as reducing the number of actions from the processing center pending backlog. Please note while this debt is being written-off, it remains available for future collection. We can pursue collection efforts if the debtor becomes entitled to OASDI or SSI benefits. In addition, if eligible, we will refer these delinquent debts to TOP for external collection action. We did not refer any delinquent debts to TOP in FY 2022. (See Termination definition below).
2. Percentage of Debt Estimated to be Uncollected – Our allowance for doubtful accounts methodology allows for all delinquent debt two years or older at 100 percent. For remaining debt that is not delinquent two years or more, we apply our uncollectible ratios, consistent with previous years. We add the fully allowed delinquent debt two years and older value to the calculated uncollectible value on the remaining debt to calculate the total allowance for doubtful accounts.
3. Refer to Note 1, Summary of Signification Accounting Policies, and Note 6, Accounts Receivable, Net, in the *Financial Statements and Additional Information* section for more information.

Definitions:

1. Adjustments – Program debt adjustments represent: (a) written-off debts, by way of terminations, that we reinstate for collections; (b) changes in debts when we update debtor accounts with new information; and (c) minor differences between reports containing debt information that we use to maintain an ending accounts receivable balance.
2. Waivers – Waivers represent the amount of overpayments forgiven because the overpaid person: (a) is without fault in causing the debt; and (b) recovery would either defeat the purpose of the *Social Security Act* or be against equity and good conscience. Waivers permanently remove debts from our accounts receivable balance, which precludes any further collection efforts.
3. Terminations – Terminations represent our decision to cease our own efforts to collect a debt because: (a) the debtor will not repay the debt or alleges they cannot pay the debt; (b) we cannot locate the debtor after diligent search; or (c) the debt is at least two years delinquent. Even though we terminate internal active collection, we may still use external collection efforts such as the TOP and AWG. If the debtor becomes entitled to OASDI benefits or eligible for SSI payments, we reinstate the debt and resume recovery through benefit/payment withholding.
4. Delinquent Debt – A debt is delinquent when no voluntary payment has been made 30 days after the latest of the following: (a) the date we establish an OASDI debt; (b) the date of the initial overpayment notice for an SSI debt; (c) the date of the last voluntary payment; (d) the date of an installment or periodic payment arrangement (if we do not receive a payment); and (e) the date we decide a debtor remains responsible for a debt, in response to a due process action by the debtor.

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Appendix

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Glossary of Acronyms

A

AARPS	Appeals and Appointed Representative Processing Services
ACH	Automated Clearing House
ADP	Automated Data Processing
AFI	Access to Financial Institutions
AFR	Agency Financial Report
Agency	Social Security Administration
APG	Agency Priority Goal
APP	Annual Performance Plan
APR	Annual Performance Report
ARRA	American Recovery and Reinvestment Act of 2009
ASP	Agency Strategic Plan
AWG	Administrative Wage Garnishment

B

Banking Bill	Economic Growth, Regulatory Relief, and Consumer Protection Act

C

CAA	Consolidated Appropriations Act
CARES	Compassionate and REsponsive Service
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CAP	Climate Action Plan
CAS	Cost Analysis System
CCE	Consolidated Claims Experience
CDC	Centers for Disease Control and Prevention
CDM	Continuous Diagnostics and Mitigation
CDP	Candidate Development Program
CDR	Continuing Disability Review
CEAR	Certificate of Excellence in Accountability Reporting
C.F.R.	Code of Federal Regulations
CMP	Civil Monetary Penalty
COLA	Cost of Living Adjustment
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPN	Central Print of Notices
CPI-W	Consumer Price Index for Urban Wage Earners and Clerical Workers

CPR	Cross-Program Recovery
CSRS	Civil Service Retirement System

D

DACA	Deferred Action for Childhood Arrivals
DAIMS	DATA Act Information Model Schema
DATA Act	Digital Accountability and Transparency Act of 2014
DDS	Disability Determination Services
DEFC	Disaster Emergency Fund Code
DHS	Department of Homeland Security
DI	Disability Insurance
DMS	Debt Management System
DOL	Department of Labor

E

EDB	Early Deposited Benefits
ERM	Enterprise Risk Management

F

FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employee Group Life Insurance Program
FEHBP	Federal Employees Health Benefits Program
FERS	Federal Employees' Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act of 1982
FMS	Financial Management System
FMW	Fusion Middleware
FR	Financial Report of the United States Government
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAO	Government Accountability Office
GDP	Gross Domestic Product
GMO	Grants Management Officer
GPO	Government Pension Offset
GPRMA	Government Performance and Results Modernization Act of 2010
Grant Thornton	Grant Thornton LLP
GSA	General Services Administration

GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System

H

HBCU	Historically Black Colleges and Universities
HCOP	Human Capital Operating Plan
HI	Hospital Insurance

I

IP	Improper Payments
IRS	Internal Revenue Service
ISM	In-kind Support and Maintenance
ISSO	Information System Security Officer
IG	Inspector General
iSSNRC	Internet Social Security Number Replacement Card
IT	Information Technology
ITIP	Information Technology Investment Process

L

LAE	Limitation on Administrative Expenses
LI	Limited Issues
LPR	Lawful Permanent Resident

M

MATPSC	Mid-Atlantic Program Service Center
MD&A	Management's Discussion and Analysis
MSI	Minority-Serving Institution
myWR	myWageReport

N

NAC	Network Access Control
NED	Non-Entitled Debtor
NIST	National Institute of Standards and Technology

O

OA	Occupancy Agreement
OASDI	Old-Age, Survivors, and Disability Insurance
OASI	Old-Age and Survivors Insurance
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General
OLBP	Online Bill Pay
OMB	Office of Management and Budget
OP	Overpayment
OPM	Office of Personnel Management

P

PIE	Payroll Information Exchange
PIIA	Payment Integrity Information Act of 2019
POA&M	Plans of Action and Milestones
PP&E	Property, Plant, and Equipment
PTF	Payments to Social Security Trust Funds
Pub. L. No.	Public Law Number

Q

QR	Quick Response

R

RPA	Robotic Process Automation
RZ	Non-Medical Redeterminations

S

SECA	Self Employment Contributions Act
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
SGA	Substantial Gain Activity
SF-133	Report on Budget Execution and Budgetary Resources
SMI	Supplemental Medical Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSOARS	Social Security Online Accounting and Reporting System
Statement	Social Security Statement
SW	Security West

T

Title VIII	Special Veterans Benefits
TOP	Treasury Offset Program
Treasury	Department of the Treasury

U

UP	Underpayment
U.S.	United States
U.S.C.	United States Code
USSGL	United States Standard General Ledger

W

WEP	Windfall Elimination Provision

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